

WORLD TRADE NEWS

Iran, Japan agree major trade deal

TEHRAN, Jan. 7. IRAN and Japan have agreed to an exchange of goods worth \$6.5bn a year and have broken a longstanding impasse in plans for construction of a joint petrochemical plant and oil refinery. The deal, which calls for trade to reach \$15bn a year by 1980, includes Japanese purchases of Iranian petroleum.

The agreement was announced after two days of talks by Mr. Hashemi Rafsanjani, Iran's Minister of Economic Affairs and Finance, and Mr. Toshio Komoto, Japanese Minister of International Trade and Industry.

Mr. Ansari and Mr. Komoto told a news conference that Japan had agreed to help build a \$1.5bn petrochemical complex and a 500,000-barrel-per-day oil export refinery on the Gulf.

Under the agreement, Iran will finance \$670m of the \$1.5bn required for the establishment of the petrochemical complex. Iran will also provide guarantees for \$60m of the total Japanese investment of \$330m in this joint venture.

Mr. Ansari said, adding that the remaining \$200m will be contributed equally as equity shares for Iran and Japan.

Iran and Japan also agreed to have officials meet in the near future to study the possibility of establishing nuclear energy generators.

Mr. Ansari said the deal will lead to greater interdependence between the two economies and hinted that a major portion of Japan's oil requirements would be met by Iran.

A 1,200-kilometre high-speed railway between Tehran and Mashhad, major housing projects, construction of department store chains and the establishment of new electronic industries were among other projects agreed upon.

AP-D

Sharp rise in Romanian trade

By Paul Landau

VIENNA, Jan. 7.

DUE TO the dynamic growth of the Romanian economy, foreign trade per head of the population jumped from \$114 in 1965 to \$508 last year, according to a report released by Agropress, the Romanian news agency.

During the 1971-75 five-year plan, foreign trade was expanding at a rate of 18 per cent. per annum during the new plan, 1975-80, foreign trade is scheduled to increase by 72.80 per cent. on the previous five-year period.

Romanian imports between 1965-75 registered a four-fold increase and are planned to rise by a further 60 per cent. during the next five years.

It is claimed that economic co-operation ventures now account for 25 per cent. of the country's trade.

Some 65 co-operation agreements were concluded with Communist countries. Between 1971-75, trade with the Communist states was up by 80 per cent. and is expected to double during the next five years.

However, the report indicates a continued fall in the proportional share, since the Communist countries are scheduled to account for 1975-80 period for only 44 per cent. of Romania's foreign trade total, compared to a share of 53 per cent. in 1965.

Trade exchanges with the developed countries showed a five-fold increase during the past five years and their share by 1980 should reach about 30 per cent. of the overall foreign trade.

European watch fair expansion

By John Wicks

ZURICH, Jan. 7.

THE EUROPEAN Watch, Clock and Jewellery Fair will occupy seven more halls this year in addition to the 14 previously occupied on the Swiss Industries Fair site.

The fair, which will take place in Basel from April 24 to May 3, will be attended by 1,145 (1975: 955) exhibitors from 19 countries.

The considerable expansion of the fair, already the biggest of its kind in the world, indicates that the industry is at least cautiously optimistic for the future after the poor market conditions experienced by many of its sectors last year.

Observers look for a stabilisation at least, this year in connection with the stronger dollar and an anticipated upturn in world economy.

Notice to the Holders of INTERNATIONAL FINANCE CORPORATION 9121st Avenue, New York, N.Y. 10021

On January 21, 1976, the above mentioned corporation, which is a corporation organized under the laws of the State of New York, has filed with the Secretary of State of the State of New York a Certificate of Incorporation and a set of By-Laws, which are hereby made a part of this notice.

Notice is hereby given that the above mentioned corporation is now open for business and is ready to accept applications for shares of its common stock.

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Import barriers no threat to Japan's TV tube sales

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Jan. 7.

JAPANESE TV tube exporters still regard Europe, including the U.K., as their most promising export market and appear relatively unperturbed about the danger of further barriers being raised against them by importing countries.

This was the consensus in the industry today following the news that Thorn Electrical Industries is to close its TV tube plant, reportedly in part because of Japanese competition.

Britain was the best export market for Japanese TV tube exporters last year, taking 369,835 tubes worth Yen 5.6bn (\$9m.) in the nine months from January to September (full-year figures not yet available). This was a decline, however, from 1973 when Japan's exports to the U.K. reached 563,223 tubes worth Yen 8.5bn (\$13m.) for the same nine-month period.

The reason for the decline was apparently the recession in demand for colour TV inside the U.K.

Japanese exporters were accused early in the year of selling to Britain at unreasonably low prices, but prices were increased during the autumn (the period when most sales contracts are negotiated for the following year's shipments).

The system of import monitoring, which was adopted for TV tubes as part of Britain's package of import controls in December, does not seem to have worried Japanese exporters on duty. A spokesman for one major company said today he did not think the monitoring system would have a "directly bad effect" on exports to Britain.

Other European markets apart from Britain which Japanese exporters are concentrating their sights include West Ger-

many (now the industry's second largest export market), Scandinavia and "possibly" France.

Western Europe has the attraction for the Japanese of having a relatively low dissemination rate for colour TV which is taken to mean that there is considerable scope for growth.

The Japanese exporters say they are not at present faced with import barriers or the threat of barriers in any other market apart from the U.K., though there have been troubles in the past in Canada and the U.S.

Apart from Europe, colour TV tube exports have grown rapidly to the U.S., which took 108,035 units (worth Yen 1.62bn.) in the first nine months of last year compared with only 25,091 units in the same nine months of 1973.

This could, however, reflect the entry of Matsushita, one of the three main Japanese tube exporters, into the TV set manu-

facturing business in the U.S. through the acquisition of the Motorola in May 1974. Matsushita said today that the bulk of its exports of TV tubes are to its own overseas affiliates, rather than to foreign TV manufacturers.

Matsushita has no affiliate manufacturing TV sets in the U.K. at present, but its Cardiff factory is due to go into production in July or August this year and will be supplied with tubes from Japan.

Among the three major tube exporters Matsushita is positive that it has no plans to embark on the overseas manufacture of TV tubes, though the company is certainly interested in continued overseas expansion of TV set manufacture.

The two other leading exporters, Toshiba and Hitachi, were not able to comment this afternoon on their overseas investment plans.

ing will be necessary to reach agreement on such questions as what should be the stake in the venture of U.S. companies, but indicated that the Japanese companies preferred the equal share formula, as it would cut their investment costs.

Australia's latest proposal, made before last month's change of Government, was for all four parties to take a 25 per cent. share in the project. A spokesman for Nissan said the outcome of the discussions would hinge on the attitude taken by the new Government.

They made clear a lot of talk-

Australia car talks

TALKS HAVE begun on a Japanese-Australian venture to build car engines at the Chrysler Australia plant in Adelaide, a spokesman for one of the participants, Nissan Motor, said.

Also represented at the talks, scheduled to last three days, are Chrysler Australia, the Australian Government and Toyota Motor.

A spokesman for Toyota and Nissan said the companies' basic position was to support the plan for the four partners to turn out four-cylinder car engines at the plant facilities.

They made clear a lot of talk-

More aid urged for U.S. exporters in Mideast markets

FINANCIAL TIMES REPORTER

THE FORD Administration is being urged to provide new forms of assistance to U.S. exporters which would enable them to compete more effectively against European and Japanese companies in Middle East markets.

Writing in the current issue of the Harvard Business Review, Mr. Daniel M. Seaby, vice-president of Triad, argues that U.S. participation in Middle Eastern business is made difficult by four factors—the usually large size of the projects, the long time required to complete them, the unusually expensive and risky bank guarantees demanded by Middle Eastern governments, and the financial support which foreign competitors receive from their governments.

Mr. Seaby points out that obtaining the bonds and guarantees necessary for a single large Middle Eastern project can exhaust most of the available bank credit of even a fairly substantial company, while the lack of protection against inflation, as well as several other factors, make it difficult for U.S. exporters to compete.

While supporting efforts to persuade other governments to dismantle their unfair systems of support, he suggests as an interim measure that the U.S. Government could implement a bank guarantee/inflation protection scheme similar to those operated by other OECD countries. This could be administered either by the

Export Import Bank or by the Overseas Private Investment Corporation.

Another helpful move would be to withdraw various bank regulations which make it difficult for U.S. companies to provide the guarantees required on certain Middle Eastern projects.

A different approach recommended by Mr. Seaby is to negotiate with Middle Eastern Governments changes in their contractual procedures. There could be greater use of

project staging to break the projects up into more manageable undertakings. The case for switching from fixed-price to cost-plus contracts should be explored.

U.S. companies should work out with Arab financial institutions ways of sharing the financial requirements of large-scale projects. Some of these institutions might be willing to assume contingent liability for performance guarantees if they were also given an opportunity to share in the profits.

often experiences difficulties as a result of port congestion.

The Nester-Athens shipping line is to start a new regular service from Rouen to the Gulf at the end of January. The first departure will be on January 28 for loading to Dubai, Abu Dhabi, Kuwait, Basrah, Bandar-Shapur and Khorramshahr. The second departure is due to leave on February 27.

The new line is the second to be established from Rouen to the Gulf ports. Navale et Commerciale Havraise Peninsulaire have been operating a service since May 1974.

variable levies, health and safety regulations, marketing and labelling requirements, standard specifications and testing requirements and prior import deposit schemes. All had the effect of restricting exports from the non-communist world.

The U.K. came out of the study as one of the countries relatively free of restrictions, along with the U.S., Australia and Canada. But Britain's EEC membership, and the "numerous restrictions" against goods from developing countries and especially India.

Non-tariff barriers to International Trade: the Indian Institute of Foreign Trade, H-24 Green Park Extension, New Delhi 110016; Rs.20,000 (approx. £1,15p.).

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U.S. 'gives \$6m. to Italian politicians'

By Jurek Martin

WASHINGTON, Jan. 7. THE NEW YORK TIMES reported today that the U.S. Agency for International Development had paid \$6m. in the last month in cash to anti-Communist politicians in Italy.

Dr. Henry Kissinger, the Secretary of State, is believed to have been behind the payments. He has made no secret recently of his concern that the spread of Communism in Europe has threatening dimensions which could threaten the defences of NATO, particularly on its Mediterranean front.

According to the New York Times, final authorisation for the payments was given by President Ford on December 8. Although the names of Italian politicians who have received money was not given, it is understood that individuals and not parties were involved.

A handful of senior Congressmen privy to American intelligence activities were told of the payments last month by Mr. William Colby of the CIA. He was sharply criticised at the time by Congressman Rostenkowski, who is alleged to have said: "Colby, you ought to have your head examined. You don't know anything about politics, if you're going to proceed this way it's not going to work."

Contributions

Both the United States and the Soviet Union have heavily financed Italian politicians in the post-war years. The Americans have used both the CIA and public and private corporations in their efforts. Last summer, for example, the CIA paid a Senate subcommittee that it had paid between \$46m. and \$49m. in political contributions to Italian parties between 1963 and 1972.

Dr. Kissinger's more recent concern can be traced to the Italian local elections six months ago, when the Communist Party gained a third of the vote and came within measurable distance of achieving at least a coalition role in the Italian Government.

Dr. Kissinger's concern—some of his critics have called it an obsession—has obviously been heightened by events in Portugal in the last 18 months. He has at times warned of what amounts to a European domino theory, with France, in particular, vulnerable should Communist Parties take power in Italy and Portugal.

Admiral to head Chile general staff

BY ALEJANDRO KOFFMAN O'REILLY SANTIAGO, Jan. 7.

SERGIO ARELLANO STARK, "Ercilla" today reported that the second most powerful Chilean general—after General Pinochet—yesterday surrendered his post as chief of the joint chiefs of staff to Rear-Admiral Jorge Sabagosa Silva.

The designation of a general to a post surprised local observers since according to precedent it was the turn of the air force to lead the chief of staffs.

The local newsmagazine

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Reagan platform attacked over Federal tax cut plan

BY JUREK MARTIN, U.S. EDITOR

GOVERNOR Ronald Reagan's bid for the Republican Party nomination is now for the first time coming under close scrutiny with the launching of his major campaign in the first primary State of New Hampshire.

His critics have immediately seized on two points which they claim illustrate the lack of substance in his platform and the unreality of his hard line views on foreign policy. These will be used against him frequently in the months ahead though whether they will dissuade the citizens of New Hampshire from voting for him is another matter entirely.

The first point concerns his radical proposal to shift the funding of some \$90bn. worth of federal social programmes out of Washington into the hands of the states. This has been interpreted as meaning a \$90bn. cut in the federal budget, together with a consequent large cut in federal taxation, but at the same time implying sharp increases in state taxation in order to finance continuation of these programmes.

Supporters of President Ford in New Hampshire, the only state in the union with neither local sales nor income taxes, have argued that the Reagan scheme can only mean the introduction of both levies in the state. Mr. Reagan has countered

by saying that this need not happen, that all he has advanced has been the transference of authority from the federal to the local level and that it would simply be up to the states to implement and finance those programmes they thought necessary and affordable.

His opponents maintain that the proposal is so radical as to be unwelcome, that the states possess neither the expertise nor the resources to operate what has traditionally been a federal preserve. They hint darkly at comparisons with Senator Goldwater's suggestion in 1964 that social security payments be made voluntary, not compulsory.

Foreign policy

On foreign policy, Governor Reagan allowed himself to be drawn out on a limb over Angola. He was asked about relations with the Soviet Union and said: "I think it's time for us to straighten up and eyeball them."

He thought the end of something for something and not all one way. He thought the end of something for something and not all one way. He thought the end of something for something and not all one way.

Quebec Minister expects Game complex to be ready by July

QUEBEC'S Minister in charge of Olympic construction work is cautiously optimistic that the summer's Montreal Games will start on July 17 as planned, and calls talk of a postponement "purely hypothetical."

"If I were a betting man, I would bet we'll be ready and on time. We are cautiously reasonably optimistic," Mr. Victor Goldblum said in an interview yesterday. Discussion of a postponement was initiated by the news media, he said.

The strike-plagued construction project is well behind schedule, and the provincial Minister acknowledged there was no guarantee the 72,000 capacity stadium would be ready by

the June deadline.

Commenting on an offer by Mexico to stage the 1982 summer Olympics, to take over this year's games and put them on in October, the Minister told newsmen: "If Mexico can hold them in October, we can hold them in October."

Mr. Goldblum emphasised that any decision to postpone the games was up to the International Olympic Committee (IOC). In Lausanne, the IOC issued a statement yesterday saying it had received no request for a postponement from the Canadian organisers for a postponement or for any change in the original plans. And Herr Willi Daume, vice-president, said in Bern that a postponement would be unthinkable.

The estimated cost of the Olympics has rocketed to over \$1bn.

On Monday, Mr. Goldblum told reporters that since November 1974, the public affairs department took care of financing and constructing Olympic complex from the Montreal, the chances of the stadium complex being completed have risen from "zero" to 50 per cent.

Despite the muddled picture many observers here agreed that the Montreal 1976 Games would be a success.

Cleveland prime lending rate cut to 7%

BY JAY PALMER NEW YORK, Jan. 7.

THE CLEVELAND TRUST, one of America's larger regional banks, this morning cut its prime lending rate back to 7 per cent. from 7.25 per cent. The reduction, which many argue could preface a similar point cut by the First National City Bank of New York next Friday, follows yet another round of strong hints that the Federal Reserve has relaxed its credit stance.

In the New York money market yesterday, the Fed moved down its discount rate to 6 per cent. (by purchasing dated securities from dealers) at a time when the market federal rate was hovering around 5.5 per cent. The relaxation, which briefly sent the federal rate down to 4.1 per cent., taken as a signal that the Fed wanted the funds rate to fall to 5 per cent.

This morning, the latest week treasury bill was quoted to yield about 5.1 per cent., from the average bid of 5.23 per cent. set at Monday's auction. The companion New York issue is now yielding 5.1 per cent., against the previous average of 5.5 per cent.

Domestic-criticism of the cost, above all of the President's much-publicised travels, began to grow last year. . . .

he had indeed used the "pardon," but underlying it there was a growing dissatisfaction with the broad lines of the policy. Finally, on December 1, Mr. Rabassa resigned—not, really, in response to this criticism but apparently because he felt humiliated "once ten off by news that another Minister had been given the crucial job of negotiating the re-establishment of diplomatic ties between Mexico and Spain. Two days later, President told Congress to Mexico never has to apologise for anything. And we do want anyone to pick their noses. Nevertheless, the evidence is that Mr. Rabassa resigned voluntarily and was dismissed.

In this light, the appointment of his successor, Sr. Alfonso Garcia Robles, a veteran diplomat who was Mexico's ambassador at the U.N., is significant because it implies that the Foreign Minister was recovering his influence, and that foreign policy during the remaining 18 months of the Echeverria Government would be less improvised. If it proves to be the case, Sr. Echeverria's shaping of a more independent role for Mexico in world affairs may still remain one of the most important monuments to his regime.

Reflected Mexico's anxiety to prove its Third World credentials, rather than any upsurge of anti-Semitism. Nevertheless, several large American-Jewish organisations called a boycott of Mexico which almost immediately resulted in the cancellation of thousands of hotel reservations and several large conventions, and served as a sharp reminder of Mexico's extreme vulnerability to economic pressures from the U.S.

The President therefore quickly invited representatives of the American-Jewish groups and assured them that on no way identifies Zionism with racism, and that the votes of his Government at the U.N. were in no way intended to convey that impression. Sr. Rabassa, the Foreign Minister, was despatched to Israel to clear up "certain misunderstandings" there. But he was not forgotten, pardoned and buried—and a new domestic row erupted, because it looked as though Mexico had been apologising to another country. Sr. Rabassa was the target, since

the next controversy involved Mexico's position on the dispute about the future status of the British colony of Belize, to which Guatemala has a long-standing claim. In September, President Echeverria unexpectedly announced that Mexico recognised Guatemala's "historic" rights to Belize, apparently ignoring that Mexico too has an old claim conditional upon Guatemala's claim being recognised. But after Britain had sent military reinforcements

to Belize following reports of a planned Guatemalan invasion of the tiny colony, Sr. Echeverria back-pedalled, revised Mexico's claim, and stated that he believed in Belize's right to independence. Finally, at the U.N. Mexico abstained on a resolution reaffirming Belize's right to self-determination.

The issue that caused most uproar was Mexico's support for the recent U.N. resolution equating Zionism with racism. Most observers felt this position

Americanism is normally tempered by awareness of the country's economic dependence on the U.S. But domestic criticism of the cost, above all of the President's much-publicised travels, began to grow last year after Sr. Echeverria's anti-Semitic remarks. Kurt Waldheim, as United Nations Secretary-General became known.

Soon afterwards Sr. Echeverria's idiosyncratic handling of foreign policy led to a series of

diplomatic miscalculations that not only effectively wrote off the hopes of becoming Secretary-General, but also subjected him to his fiercest domestic criticism so far.

In late September, following the execution of five terrorists by the Government, Sr. Echeverria urged the Security Council to order the diplomatic and economic isolation of the Franco regime. To set an example, he ordered the suspension of trade with Spain and the expulsion of all Spanish officials from Mexico. Mexico had, in fact, never recognised the Franco regime. The Security Council's action had apparently been intended to dissuade the Mexican proposal.

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EUROPEAN NEWS

Stalinists' trial in Belgrade

By Paul Lendvai

VIENNA, Jan. 3. TRIAL of the first of the Soviet Opposition groups began next Monday in the capital, according to reports from Belgrade. The trial, which will last four months, is headed by Mr. an Brkic, a retired Communist official who was Deputy Minister of the Republic of Serbia until 1950, and is accused of anti-State activities. He was arrested last August, and a public trial was held. The official statement mentioned six persons taken into custody on the suspicion of "having committed criminal acts of espionage and sabotage." It is now reported that they are also accused of having conspired to overthrow the government and to establish a pro-Soviet regime in Yugoslavia after the death of Tito.

The trial is expected to be a landmark in the history of the so-called Communist Party in Yugoslavia. It is how the pro-Sovietists are usually termed in Yugoslavia. The trial is expected to be a landmark in the history of the so-called Communist Party in Yugoslavia. It is how the pro-Sovietists are usually termed in Yugoslavia.

Hungarian employment freeze

Our Own Correspondent

VIENNA, Jan. 3. Hungarian Government has issued a decree freezing employment in the country. The decree, which is the first of its kind, is aimed at reducing the unemployment rate in the country. It is expected to have a significant impact on the economy.

IE TINDEMANS REPORT



Tindemans at his news conference in Brussels yesterday.

V. Germany welcomes realism

Our Bonn Staff

BONN, Jan. 3. West German Foreign Minister Hans-Dietrich Genscher, who visited Brussels yesterday, said today that his government viewed the Tindemans Report as a "constructive realistic concept for Europe." He said that Germany would be happy to apply itself to see that the concept was put into effect.

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EEC reaches trade pact with Tunisia

By Robin Reeves

BRUSSELS, Jan. 3. A PROVISIONAL AGREEMENT was reached here early this morning on a trade, aid and economic co-operation agreement between the European Community and Tunisia.

The agreement, which is the first of its kind, is aimed at strengthening the economic ties between the EEC and Tunisia. It covers a wide range of areas, including trade, aid, and economic co-operation.

The agreement is expected to have a significant impact on the economy of Tunisia. It is hoped that it will lead to increased trade and economic growth in the country.

First EEC Commissioner to visit Comecon country

By David Curry

BRUSSELS, Jan. 3. SIR CHRISTOPHER SOAMES, the EEC's External Affairs Commissioner, is making the first official visit by a Commissioner to a Comecon country. He is visiting Romania, where he will discuss the prospects of a trade agreement between the EEC and Romania.

The need to renew European vision



Tindemans at his news conference in Brussels yesterday.

Economic and social policies

Our Bonn Staff

BONN, Jan. 3. West German Foreign Minister Hans-Dietrich Genscher, who visited Brussels yesterday, said today that his government viewed the Tindemans Report as a "constructive realistic concept for Europe." He said that Germany would be happy to apply itself to see that the concept was put into effect.

Security

By virtue of the Atlantic Alliance, we in Europe enjoy a measure of security and stability which has enabled us to undertake the construction of Europe. As soon as our States recognise the existence of a common destiny, the security of one member will necessarily affect the security of others.

The 'Snake'

The machinery of the 'Snake' has proved itself to be a valuable tool for maintaining the stability of exchange rates. It has enabled the EEC to achieve a high degree of economic and monetary stability.

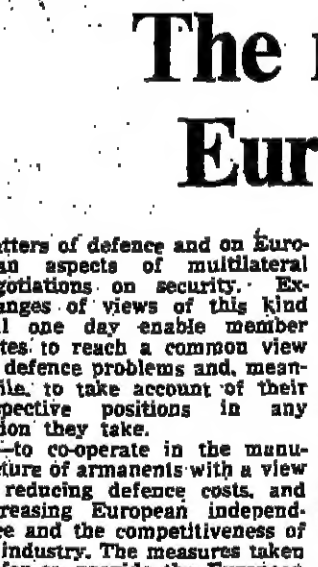
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Juan Carlos dilemma over Metro strike

By Roger Matthews

URGENT TALKS continued in Madrid this evening in an effort to end the strike of underground railway workers which brought chaos to rush hour traffic today. The strike, which is the first of its kind, is aimed at demanding better wages and working conditions.

The strike has caused significant disruption to the city's transport system. It is hoped that the talks will lead to a resolution of the dispute and the return of the workers to their jobs.

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No ransoms for French kidnappers

By Rupert Cornwell

PARIS, Jan. 3. WHILE the capture of a French executive by a group of kidnappers has been a major headline, the French Government has ordered police to prevent the payment of ransoms for the release of the executive.

The 'Snake'



Tindemans at his news conference in Brussels yesterday.

Economic and social policies

Our Bonn Staff

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Bombs return to north Portugal

By Paul Ellman

ANTI-COMMUNIST VIOLENCE row for the leadership of the Lisbon region of the office workers' union, which covers some 60,000 workers, has been the cause of a series of bombings in the city.

The bombings have caused significant damage to property and have resulted in several injuries. It is hoped that the violence will be brought to an end and that the city will return to normal.

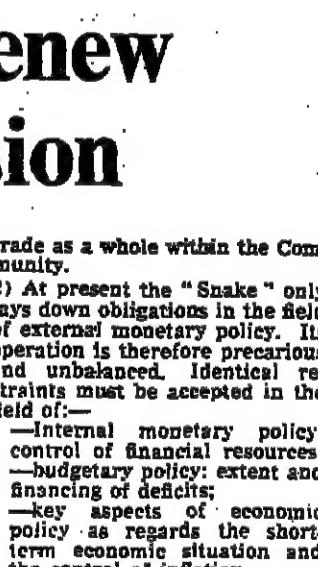
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Turkish Cypriots hold back on renewing talks

By Our Own Correspondent

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Russia gives first troop 'notification'

MADRID, Jan. 3.

NATO has expressed satisfaction with the first notification of a major military manoeuvre by the Soviet Union. The notification, which was given to NATO, stated that the Soviet Union was planning a large-scale exercise in the Baltic region.

The notification is seen as a sign of the Soviet Union's commitment to transparency and confidence-building measures. It is hoped that this will lead to a more stable and secure Europe.

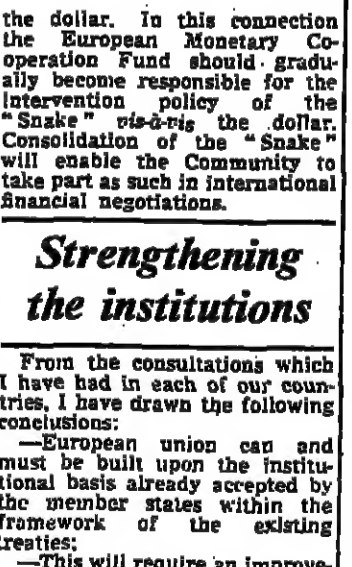
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Swiss rates down

SWITZERLAND'S big banks have announced a further cut in deposit rates.

The cut in rates is aimed at stimulating the economy and reducing the cost of borrowing. It is expected to have a significant impact on the Swiss financial market.

Oil protest



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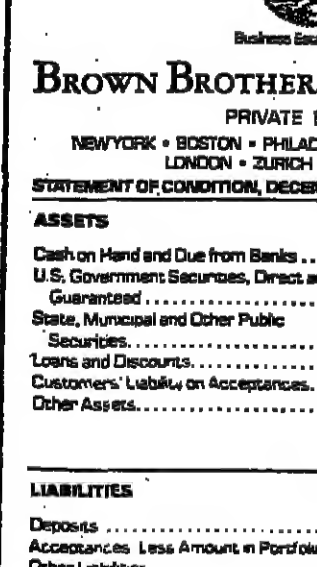
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German steel

German output of crude steel and pig iron in 1975 dropped about one quarter in tonnage terms from the record levels of 1974.

The drop in output is a result of a combination of factors, including a decline in demand and a reduction in production. It is expected that output will remain low in 1976.

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Building Society Rates

Every Saturday the Financial Times publishes a table giving details of Building Society Rates on offer to the public.

The table provides a comprehensive overview of the rates offered by various building societies. It is a valuable resource for anyone looking to invest in a building society.

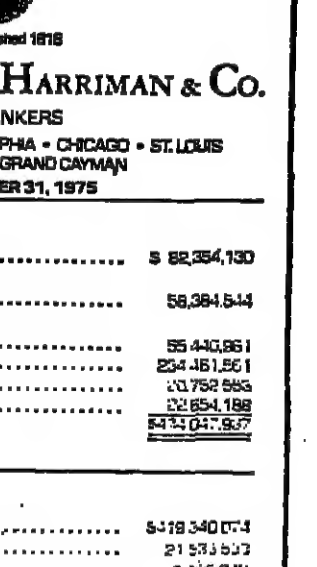
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The 'Snake'

The machinery of the 'Snake' has proved itself to be a valuable tool for maintaining the stability of exchange rates. It has enabled the EEC to achieve a high degree of economic and monetary stability.

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OVERSEAS NEWS

PARTITION FEARS IN THE LEBANON

Last crusade of the Christians

BY JAMES BUXTON

THE SYRIAN Foreign Minister's threat that Syria would annex Lebanon if there were any moves towards partition is a grave warning to the Christian extremists that partition is one option which they would be wise to forget.

Partition has in the last few months been recognised as a distinctly possible outcome of the present Lebanese crisis, as the fighting has worsened and efforts at reconciliation broken down. But in the past few weeks there have been growing signs that extremist members of the Christian community, which probably now makes up about 40 per cent of the State's estimated 2.6m. people, have convinced themselves that partition is their best option.

Reluctantly recognising that the days of the Christian ascendancy over the Moslems in Lebanon are over, thanks largely to demographic changes, some Maronite Christians (not by any means a majority) feel that rather than accept minority status they would prefer to form their own exclusively Christian entity.

This entity would be based on the ancient Christian stronghold of Mount Lebanon, the mountain region behind Beirut, and would include the Christian section of the city of Beirut, which, very roughly, includes areas to the north and east of the city, giving the Christians part of the seaport and probably the port of Beirut but leaving the international airport (surrounded as it is by Palestinian camps) in non-Christian hands.

No significant Lebanese Christian faction has so far come out publicly in favour of such a partition—partly because it would be an admission of defeat, but mainly because once partition was a declared objective of a large group of Christians, the fighting would inevitably concentrate on defining exactly what that area would be.

There are suggestions, however, that some of the fighting in Beirut is already directed, clandestinely, to such an end. The Palestinian camp at Tal Al



Pierre Gemayel... belief in the status quo.



Suleiman Franjeh... a long silence.



Camille Chamoun... firm commitment.

Zaatar lies in the centre of a predominantly Christian area and it has been suggested that Christian efforts in the past few days to blockade it were motivated by a desire to consolidate this bloc.

The Maronite leader who may harbour the strongest desire for partition is an end in itself is probably Father Charbel Osis, head of the Maronite "monastic orders," who has been described as one of the most militant figures in the Maronite church. He recently sharply rejected any change in Lebanon's political structure which might detract from the Christians' position.

Another figure who has also rejected any political concessions is Pierre Gemayel, founder and leader of the 20,000-strong Phalangist Party, the largest single party in Lebanon. A firm believer in the status quo, his party's slogan—"God, Family, Country"—accurately reflects his outlook, and although last month he and Syrian President Hafez Assad jointly pledged their adherence to the cause of Lebanon's territorial integrity, he is strongly in the Maronite ascen-

dancy and has so far resisted calls that he should resign before the new parliamentary elections become due so that a less controversial figure can take his place.

He has done nothing, it appears, to stop the arming of the Maronites and even actively conspired to allow a ship carrying arms for the Phalangists to unload at a port in northern Lebanon.

One factor complicating any assessment of the role of the leading politicians in the Lebanese conflict is the extent to which the extremists within each faction have the capacity to call the tune. In the Christian case it needs to be pointed out that Gemayel, Chamoun and Franjeh all have their feudal followers whose appreciation of the situation may not be as subtle as that of their leaders and who may thus, into the bargain, be more prone to precipitate action. But it needs to be stressed that over the past nine months of conflict, in which at least 10,000 people have died, the Christian militias have shown themselves better disci-

plined and faster to respond to orders than the non-Christian factions.

The Syrian Foreign Minister is not the only figure to deliver a warning against partition. M. Maurice Couve de Murville, the former French Foreign Minister who visited the Lebanon last month in an attempt to reach a settlement, came out firmly against it. The U.S. government has strongly counselled against it.

But the Syrians, with their invasion threat, have come out the strongest, simply because they have the most at stake. Israeli leaders have warned obliquely that they would invade the southern part of the country—saying that the Jewish State could not tolerate a change in the status quo which led the Lebanon becoming a confrontation state.

At the same time, the annexation of Lebanon by Syria in the name of restoring Greater Syria is probably the last thing the Damascus government is aiming at, even if it would like to establish a more lasting influence and even control there. For one thing, it would bring all the confessional problems of Lebanon into Syria, and would also damage Syria's own constitutional stability, in which a large Sunni majority lives under the hegemony of an Alawite minority. Above all, if Lebanon became part of Syria it would be possible for Israel to use the Bekaa Valley as a corridor for attacking Damascus.

It is, therefore, in Syria's best interests for Lebanon to retain its neutrality, while adopting a more sympathetic attitude to the Palestinians and their activities. But apart from the pressure that the Palestinians themselves put on the Syrian government, the hopes of reaching a peaceful settlement in Lebanon appear to be fading as the number of weapons in the country grows and the number of scores that remain to be settled between the widely disparate groups multiplies.

Israel to boycott UN talks

ISRAELI Foreign Minister Yigal Allon, who confers here today with U.S. Secretary of State Henry Kissinger, has said his country will boycott next week's U.N. Security Council debate on the Middle East.

On his arrival from New York last night, Mr. Allon told reporters: "Israel will not participate in this debate as we do not give legitimacy to the damage done by Resolution 242." This document resolved that the debate should be held with the aim of securing world recognition for the rights of Palestinians.

The U.S. had urged Israel to join in the debate, which opens

U.S. criticises talk of partition

BY DAVID BELL

WASHINGTON, Jan. 7.

THE UNITED STATES, which has been watching the situation in the Lebanon with growing concern, is strongly opposed to partition as a solution for the country's problems.

The State Department said today that the U.S. had repeatedly expressed its support for the territorial integrity of the Lebanon, and that it "does not consider partition a solution for Lebanon's tragic problems."

Senior officials believe that partition, or even talk about partition, would seriously weaken

what appears already to be a delicate situation. Partition, officials say, would make such intervention a good deal more likely and bring with it the real possibility of a wider Middle East conflict.

Nor do American officials have any faith in the so-called Cyprus solution under which Lebanon might be organised on the lines of pre-Turkish invasion Cyprus with an intricate system of enclaves set up under a loose federal framework. This, the U.S. believes, would not last, and as it has done in Cyprus, would sooner or later lead to more problems than it solved.

Scotland and Wales' proposed assemblies should be given greater powers to levy their own taxes, it was suggested yesterday by Dr. David King, 30, an economist and consultant to the Royal Commission on the Constitution, said present plans, which provide power to levy a surcharge on rates—would give the assemblies very little money.

The "block grants" from central Government, which were planned as the main source of finance for the assemblies, would cause controversy when they came to be allocated each year, he said.

Explosion on Thai border

A THAI border policeman was killed and five were wounded when they stepped on a Khmer Rouge land mine in a Thai-Cambodian border area where tension has simmered for nearly a month, police said today. After yesterday's incident, Thai border police exchanged fire with about 100 Khmer Rouge troops in the Ta Phray district of Thailand's Prachinburi province. Reuter reports from Bangkok.

S. African off-shore oil search to start

THE OFFSHORE drilling rig Sedco K, on route from the North Sea, is expected to arrive at its first drilling site in the off-shore of South Africa in about four days. Southern Oil Exploration Corporation (Soekor) said. Reuter reports.

Australia raises bank deposits

THE AUSTRALIAN reserve bank said it will increase the statutory reserve deposit ratio (SRD) of Australian trading banks to 7.8 per cent, from 6.8 per cent, effective on January 16. The deposit call-up will absorb about A\$150m, the bank said. SRD's totalled A\$1,007m at December 17, bank statistics show. The bank said the change in the SRD ratio is a further step towards restraining the very strong growth in bank liquidity, in this financial year, ending on June 30, Reuter reports.

Timor appeal

THE self-proclaimed and pro-Indonesian Provisional Government of East Timor has called on troops of the Left-wing Fretilin Independence Movement to surrender, the Indonesian Army newspaper, Berita Yudha, reported today. The call, broadcast by Radio Dili from the Timor capital, said there was still time for those wishing to give themselves up, but it gave no deadline.

Japan-Vietnam talks

JAPAN WILL, shortly begin negotiating with North Vietnam on repayment of credits extended in the past to South Vietnam, Kyodo news agency reported today. North Vietnam is scheduled to open its Tokyo embassy on Friday. Japan extended Y\$2bn. (\$106.7m.) in credits and free grants to the former Saigon regime for various projects.

MPLA launches diplomatic push

BY JANE BERGEROL

LUANDA, Jan. 7.

WHILE a number of political leaders of the Popular Movement for the Liberation of Angola (MPLA) began a final diplomatic offensive among OAU member countries in preparation for this week's summit conference on Angola, military leaders were busy today in the northern towns of Negage and Uige, assessing the damage done to the FNLA military machine by the two towns' capture by MPLA.

On the diplomatic front, central committee and foreign relations officials are visiting the Congo, Sudan, Sierra Leone, Gambia, Liberia and a number of Arab countries to garner up more support for the MPLA in the crucial vote which is expected to muster the required number in the northern towns of Negage and Uige, assessing the damage done to the FNLA military machine by the two towns' capture by MPLA.

On the military front, another small MPLA victory was claimed on the strategic coffee road north from Luanda to the MPLA-held city of Uige. The new battle—at Quixote—reportedly gives MPLA complete military control over the coffee road, thus greatly facilitating logistics to the northern front.

News from eastern and southern Angola is more scarce. Claims by Unita and FNLA to have taken the eastern border town of Teixeira da Sousa and the MPLA eastern headquarters at Sauroim is officially denied here.

On the central front, Malanje, Dailandando and of course the major Dondo power station are still within MPLA lines. But in the south, MPLA report an

attempt by South African forces to push further north which it is claimed has been repelled at Gungo. Several South Africans were taken prisoner there at the end of last week, military sources report, and are being brought to Luanda tomorrow.

Silva Porto: Jonas Savimbi, the Unita leader, said here that the loss of Uige (Carmona) and Negage was a "temporary setback" and that anti-Communist forces were rallying to regain the towns. "The FNLA cannot be defeated totally in the north on ground that is familiar to them," he said.

The bearded Unita leader said the OAU meeting in Addis Ababa "must find a solution to the war, based on a government of national unity." If that was not achieved, he said, he would

Soviet reaction hardens

MOSCOW, Jan. 7.

THE SOVIET Union, in a tough new statement on Angola, rejected U.S. criticism of its involvement there and said that in backing Angolan Marxists, it was supporting detente.

The argument was outlined in a front-page editorial in the Government newspaper, Izvestia, which notably hardened the line taken by Pravda last week-end that foreign intervention in the former Portuguese colony must cease.

Moscow analysts said Izvestia seemed to be hinting that its own intervention was a different matter. It said: "It is natural that all real friends of the Angolan people who helped it in its liberation struggle should express feelings of solidarity and support and will support the just matter of rebuffing foreign aggression."

The article read like a negative response to the hopes expressed by President Ford and U.S. Secretary of State Dr. Henry Kissinger that the Soviets would scale down their aid to the Marxist Popular Movement for the Liberation of Angola (MPLA).

A Soviet guided missile destroyer and a tank landing ship were sailing towards Angola, the Washington Post reported. The Post, quoting informed sources, said the landing ship did not appear to be carrying tanks, but added there was an undetermined number of Soviet personnel aboard.

Agencies

"broaden the conflict" by recruiting mercenaries "from wherever I can, except the United States."

LISSBOE: Portuguese officials today let it be known that they have taken steps to prevent Cuban aircraft from refuelling in the Azores while on the way to Angola. Paul Eilman writes.

A Foreign Ministry spokesman said that Portugal categorically refused "to allow the island, situated in the mid-Atlantic, to be used for this purpose."

Bridget Bloom adds: Foreign Ministers and delegates from the 46 members of the Organisation for African Unity are due to start their preparatory discussion to the special summit on Angola to be held this week in Addis Ababa.

Shore holds out Indian trade hopes

By K. K. Sharma

NEW DELHI, Jan. 7. MR. PETER SHORE, British Secretary of State for Trade, today held out the prospect of a trade pact with India, despite the fact that the U.K. Government, he said, was always prepared to consider requests from this friendly country like India.

Mr. Shore, who yesterday signed an agreement on establishing an Indo-British joint committee on economic relations and trade, told reporters today he did not think the new body would take up the question of defence purchases, since this was normally done by direct contacts between Defence Ministers. But there were good possibilities of increased economic contact, he said, especially between the public sectors of the two countries.

Mr. Shore noted distinct optimism about the Indian economy in talks he held here with Ministers and industrialists, as well as representatives of British industry. The investment climate was better than in many parts of the world, he said.

He expressed concern about the adverse balance of trade that Britain had with India, and the stagnation of his country's exports in the past few years. He hoped this would be corrected by the new committee, by providing opportunities for increased levels of trade.

Election delay decision soon

By Our Own Correspondent

NEW DELHI, Jan. 7. A DECISION on the postponement of elections to the Lok Sabha (lower house of Parliament) and some State legislative assemblies will be taken in the current session of Parliament, the Law Minister Mr. H. R. Gokhale has said.

Commenting on the Congress Party's Chidambaram resolution seeking the postponement, Gokhale said the Government had not yet taken a decision on the matter, and its reaction would be known only after it had made up its mind.

In reply to a question Gokhale said the current state of emergency was also one of the reasons for considering the postponement of elections. He said he could not give any categorical reply in anticipation of the Government's decision.

HOME NEWS

Hawker Siddeley lands £50m. missile contract

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

HAWKER SIDDELEY Dynamics, of Hatfield, has been awarded a full development and production contract by the Ministry of Defence's Procurement Executive for the new XJ321 air-to-air guided missile.

Although no details of the contract have been disclosed, it is believed that the deal is likely to be worth not less than £50m. to Hawker Siddeley Dynamics and its assistant suppliers over the next few years.

Sharing in the deal are Marconi Space and Defence Systems, which provides the homing beacon for the missile, and EMI Electronics, which is developing the missile's fuse system.

The XJ321 is a new medium-range, all-weather, air-to-air guided weapon, for use on the latest generation of high-speed, high-altitude combat aircraft, such as the Anglo-West German Multi-Role Combat Aircraft (MRCA) and the U.S. General Dynamics F-16 light fighter.

The new missile has been designed at HSD's factories at Hatfield, Hertfordshire, but is expected that production will be undertaken at the company's Luton, Bedfordshire, factory, which employs about 3,500 workers.

It will help thus to make the employment levels at the Luton plant over the years ahead.

In addition to a U.K. defence requirement for MRCA and other aircraft, HSD sees a market for the missile in the needs of foreign air forces, including the U.S., and it intends to seek export orders.

Preliminary tests, fired from Phantom jet fighters at the U.S. Pacific Missile Test Centre at Point Mugu, California, have been highly successful.

Tested in U.S.

The missile has been developed by Hawker Siddeley Dynamics from the U.S. Sparrow missile, but includes totally new British electronic developments. As such, therefore, the XJ321 can be regarded as a new-generation missile, capable of use into the 1990s.

Code has not improved domestic appliance servicing, says Which?

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

DESPITE THE introduction of a manufacturers' code of conduct in 1974, the servicing of domestic electrical appliances is no better than a year ago, says the Consumers' Association magazine Which? claims today.

Nor are new appliances proving more trouble free. Reliability, the magazine says, has not improved since the Consumers' Association first started collecting information on the subject in 1971.

The association of Manufacturers of Domestic Electrical Appliances was one of the first trade associations to draw up a voluntary code of practice with the Office of Fair Trading. At the time, it was said to be a major step forward in consumer relations.

The AMDEA code—designed

to provide quick and reliable service—was adopted by the electricity boards in March of last year.

Which? reports that while repairs done by AMDEA members were on average cheaper than those by other manufacturers, companies outside AMDEA, many of them foreign, usually did the job slightly more quickly.

A survey of CA members showed that only just over one-third of the repairs carried out by AMDEA members were finished within the three-day period laid down as a target date in the code.

CA members had to wait seven days on average, before a service man visited them, and 11 days for the repair to be completed.

Under the AMDEA code, members undertake to try and finish

50 per cent of all their repairs in one visit. The CA survey showed that their services had to make a second visit to over a third of the repairs they undertook.

The survey was carried out in the nine months to July of last year and throws up very different findings to those announced by AMDEA itself last month.

The association's own research carried out in July, August and September of last year, showed that 84 per cent of jobs were being completed on the first call and that 82 per cent of repairs were carried out within three days of the complaint being noted.

The Office of Fair Trading is currently carrying out a review of the AMDEA code and is expected to announce its findings in the Spring.

Plea for regional tax powers

Scotland and Wales' proposed assemblies should be given greater powers to levy their own taxes, it was suggested yesterday by Dr. David King, 30, an economist and consultant to the Royal Commission on the Constitution, said present plans, which provide power to levy a surcharge on rates—would give the assemblies very little money.

The "block grants" from central Government, which were planned as the main source of finance for the assemblies, would cause controversy when they came to be allocated each year, he said.

Dr. King, who made out his case yesterday in London in a lecture to the Institute for Fiscal Studies, said there was a good case for giving the regions with 54 per cent of the population could be allowed to partly control income tax or the issue of vehicle excise licences.

Business failures show rise of 22 per cent.

BY PETER FOSTER

BUSINESS FAILURES—particularly in the hard-hit textile and engineering industries—increased again last year to their highest level since 1971, according to Trade Indemnity, the leading credit insurance company.

The company—whose statistics are a good guide to the overall health of U.K. business—reports that the sharp deterioration in companies' financial health seen in 1974 continued into last year when total failures of 2,325 were notified, an increase of 22 per cent over the previous year.

Moreover, the number of failures increased substantially in the final quarter of last year, when 604 bad debtors and failures were notified compared with 549 in the third quarter of 1974. The worst deterioration last

year was seen in textiles and engineering, where failures increased by 38 per cent, and 37 per cent, respectively over the previous year. Building and construction failures were up by 14 per cent, those in furniture and upholstery by 7 per cent, and those in retail and wholesale distribution by 4 per cent.

This series of statistics was started in the final quarter of 1969 and refers to irrecoverable debts and business failures in which the company's policy holders become involved. It covers a broad spectrum both in terms of the type of failure and the size of business involved.

From mid-1970 onwards the developing consumer boom led to a steady decline in the number of debtors and failures notified to the company. Failure levels fell in 1973, but in 1974 saw a sharp downturn which still seems to be continuing.

Viskase switches planned new factory to France

BY OUR DARTINGTON CORRESPONDENT

VISKASE confirmed yesterday that it had abandoned plans to build a £17m. inedible-foods-casings factory at Hartlepool, Teesside.

The factory, which would have provided 500 jobs in one of the poorest employment black spots in the North-East, is to be built in France.

Viskase—a subsidiary of the U.S. group, Union Carbide—is the second company in the last six months to drop plans for investment in the region.

The Canadian-based Cominco group said last month that it was

not in a position to go ahead with a £25m. refinery which would have provided about 300 jobs.

Hartlepool Council granted permission in December, 1974, for the Viskase to build a factory on a site in the Brenda Road area of the town.

Approval came after a visit to the U.S. by a council delegation of nine to inspect a similar plant after local concern about possible pollution.

The company has now told the council it has decided to build the factory in France.

Education head sent for trial

WIGAN'S director of education who faces summonses relating to allegedly false expenses claims yesterday was committed to trial at the Crown Court at Manchester.

Mr. Kenneth Crawford, aged 53, was remanded on bail of £200 by Wigan magistrates and his appearance at the Crown Court.

He faces 11 summonses alleging that he obtained money by deception with intent to defraud, and to deprive Wigan Borough Council.

The offences are said to have been committed between June 1973, and May last year and involve a total of £233.15 in sums ranging from £2 to £50.1.

'Lump' complaint to MP threat

FINANCIAL TIMES REPORTER

THE FINANCIAL director of a construction company now in liquidation has threatened to complain to his MP about the methods used by Inland Revenue officials to check the company's tax returns three years ago, an Old Bailey jury was told yesterday.

But his threat was really a "smoke-screen" to cover up the company's practices, prosecuting counsel claimed when the trial of nine men and two companies over payments to "lump" workers in the building industry entered its second day.

All the defendants deny conspiring to defraud the Inland Revenue between 1972-74 over payments totalling nearly £5m. to construction workers. It is alleged the aim was to evade a 30 per cent deduction of tax at source from wages.

Mr. John Leonard, QC, said that while the Inland Revenue officers were checking the tax returns in January 1975 of one of the defendant companies, J. Murphy and Sons, a boy came in to the firm's office with some of its labour time sheets. The Inland Revenue needed these to correlate against other documents in their inquiry.

A tax officer borrowed them on his next visit to the company, saying they were needed to complete the Inland Revenue inquiry. Later the financial director

complained to the Board of Inland Revenue about "improper methods" used to get the time sheets, and said he intended to report the incident to the MP for the constituency where the firm operates.

Mr. Leonard went on: "The company later wrote to say that many of its documents had been destroyed in a flood in North London, but in fact Inland Revenue officers found them intact when they searched the premises in 1974."

He alleged that the defendant companies had been paying their labour force through the medium of other companies dressed up with a cloak of legality, but this was only "window dressing" to enable £1,468,350 tax to be evaded by the "lump" workers engaged.

When the court resumed yesterday Mr. James Comyn, QC, for the two companies, said there had been an incorrect reference in some Press reports of the case to the prosecution's opening speech.

These suggested J. Murphy and Sons had paid none of their tax, whereas in fact they had paid more than £10m. a year in corporation tax. PAYE, and other tax deductions, unconnected with the present case.

The companies were still in business as large-scale contractors, and if it got about that they had been paying no tax

whatever, when in fact they had been paying millions in tax, it was an erroneous picture which could affect the companies' business.

The defendants are: J. Murphy and Sons Ltd. and J. M. Phipps Ltd., and Mr. Michael Holly managing director, Mr. P. F. McCarthy, company secretary, Mr. James Stapleton, financial director, Mr. Patrick J. Enright, contracts manager, Mr. Thomas Enright, foreman, Mr. Thomas Clancy, company director, Mr. Timothy M. Slattery, contracts manager, Mr. Martin Doolan, wages manager, Mr. Frederick J. Chute, wages clerk.

All the defendants deny the conspiracy charge. The hearing was adjourned until today when prosecuting counsel will complete his opening speech.

6,000 Toyotas recalled

OWNERS of 6,000 Toyota cars are being asked to return their cars to a dealer to have a small cap at the rear of the headlamps, which could cause short circuit.

Chassis numbers of the cars involved—sold between November 1974 and last August—between KP30-708541 and KP30-734895.

HOME NEWS

U.K. car sales
hold up better
than expected

(TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT)

MOTOR INDUSTRY CORRESPONDENT—U.K. car sales held up far better than was widely expected in the early months of 1976, but at 1.1m, registered sales were still back to their 1974 level, below the 1.27m of 1974.

Preliminary figures for the year issued by the Society of Motor Manufacturers and Traders, also show that car sales made a great recovery from 1975, with 1.0m in 1974 to 1.1m in 1975, in spite of the overall drop in the market.

Industry expects sales to rise further, 100,000 units, with some recovery in the last quarter. The hope is that importation can be beaten back to 30 per cent, because of increasing concentration on sales, which should favour domestic manufacturers.

Leyland, predictably, led the list of British car makers, but managed a disappointing 10 per cent increase, with 368,671 cars sold, up from 335,000 in 1975. Ford had an equally good year, with a share of only 1.1 per cent, 258,496 cars, up from 235,000 in 1975. The leading British manufacturers scored 7.3 per cent, below their targets, but it is not clear if they need to recapture some of their losses to get back to their 1974 position.

Leyland is believed to be aiming for a 10 per cent increase in 1976, and, bearing the drum of sales planning, said that nothing would be done to break into the leadership of the market last year.

Figures show that Leyland cars took almost 31 per cent of the market last year—over 8 per cent ahead of the nearest rival.

Main volume sellers in the Leyland cars range holding or increasing their share during the year were the Mini, Marina, Allegro, and newly-introduced Princess.

Increasing import penetration of the private car market during the year also distracted attention from major success stories in other market sectors, notably light commercial vehicles and car-derived vans.

The car-derived van market was dominated by the Marina and Mini commercial versions which together increased their share of this valuable fleet market from 38.1 per cent in 1974 to 44.4 per cent in 1975.

In the light van market, Leyland's new Sherpa range scored a major success, increasing its market share from 19 per cent to nearly 12 per cent, and is now achieving nearly 17 per cent.

Vauxhall was the only British company to show any improvement, although a 7.3 per cent market share against 7.2 per cent last year, but it also suffered an overall loss of sales, slipping back by about 5,000 units to 87,570.

Chrysler slumped from a 9.9 per cent market share in 1974 to 8.6 per cent last year, when it sold only 75,451 cars. Chrysler management has argued in the past that it needs a 10 per cent share (given the right marketing) to break into profits.

U.K. CAR REGISTRATIONS

	1975	%	1974	%
Leyland	368,671	30.9	335,000	27.4
Ford	258,496	21.6	235,000	19.0
Other	87,570	7.3	92,977	7.2
Imports	78,451	6.4	113,942	8.9
Total	693,188		676,919	

Imports: 44,010 (6.4%), 54,645 (8.0%), 56,192 (8.1%), 39,758 (5.7%), 1,194,088 (100.0%).

car chief attacks EC on pollution

PETER FOSTER

RP attack on the EC's environmental policy was made yesterday by Sir B. Batty, president of the Motor Manufacturers' Association.

William said in Brussels yesterday that the opening of the European Commission's new environmental policy is a great deal of time and a harmonisation of motor taxation and to produce papers on environmental and energy conservation.

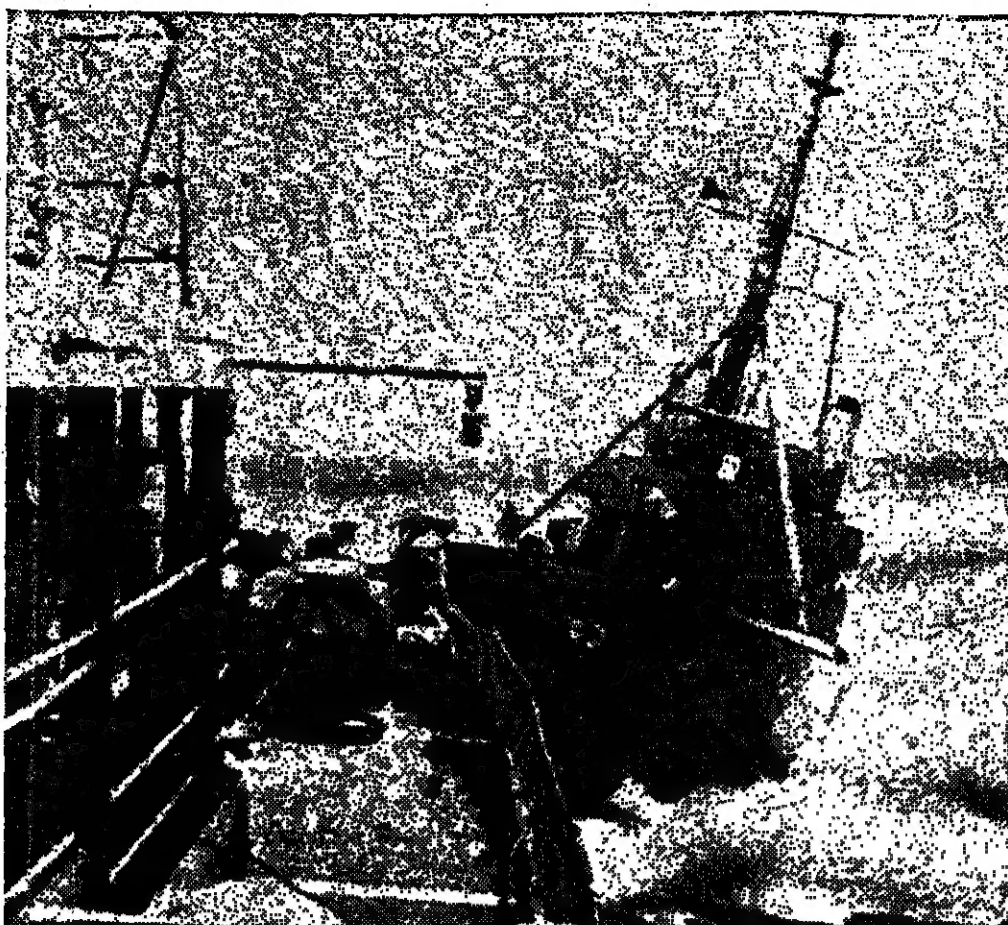
He said that the Commission's plans to reduce the average fuel consumption of cars by 10 per cent by 1980 is a "good thing".

The environmental questions that motor manufacturers are directly affected by are not giving enough attention to the fact that the average lives of cars are now being reduced by the use of leaded petrol.

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The frigate Andromeda and the Icelandic gunboat Thor (right) collided off Iceland yesterday as a result of which the gunboat was holed. Andromeda reported only superficial damage.

Frigate and gunboat collide
in new cod war flare-up

BY JON H. MAGNUSSON AND DONALD MACLEAN

A ROYAL NAVY frigate and an Icelandic gunboat were involved in a collision yesterday in the 200-mile limit set up by Iceland.

Accounts of the collision varied, with the Icelandic Embassy claiming that the 200-ton frigate Andromeda, and with the U.K. Ministry of Defence claiming that the collision was the result of erratic movements by the gunboat.

The frigate is said to have suffered light damage, while the gunboat is reported to have been holed, above the water line, with its hull breached to the extent of about 7 metres. No-one was reported hurt.

The incident is said by the Ministry of Defence to have taken place when the Thor was trying to cut the wires of the trawler Portia, owned by British United Trawlers.

The collision, which took place 35 miles off the Icelandic coast, was not the only incident yesterday in the fishing grounds around Iceland.

In a separate incident, the RFA frigate Niala, which arrived off Iceland yesterday morning, is said to have come within 2 ft of the L150-ton

MAENSON CLOTHES, the Leeds-based wholesale clothing manufacturer, is to put its 500 workers at four Yorkshire factories on a three-day week from next week.

A low spring order book and extra productive capacity introduced in 1974 at a new factory in Scarborough are blamed for the short-term.

The company has 250 employees at its main factory in Leeds. The others are employed at plants in Pickering, Milton and Scarborough.

Maenson is also to retire compulsorily clothing workers aged over 60 in the case of women, and 65 in the case of men.

Months ago that it was unacceptable restrictive, but it took the P.O. until recently to persuade the suppliers to agree instead to fully competitive tendering.

The P.O.'s new right to inspect the books and records of the companies, to check that competitive tendering is being operated, means that the suppliers will be operating under even tougher conditions than the makers of other telecommunications equipment.

The P.O. last night confirmed the report on November 19 that the companies had agreed to let it inspect their past books, "to establish whether any overcharging has occurred and, if so, to lay the base of any claim for reimbursement that might be appropriate." But it now seems less likely that the P.O. will sue them over the old practice.

The P.O.'s negotiating victory could hasten the process of concentration which is already under way in the telephone cable industry. Just before Christmas STC announced that one of its two cable plants would have to close. The possibility of one of the suppliers eventually quitting the race must also be increased.

THE SUEZ CANAL Authority has agreed to review its charges on container and roll-on/roll-off ships after strong pressure from the International Chamber of Shipping during talks in London over the past two days.

The talks provided a major review of the operation of the canal since it was reopened last June after an eight-year shutdown originally imposed by the 1967 Arab-Israeli War.

Officials of the International Chamber of Shipping (ICS) paid tribute to Egypt's achievements in reopening the canal to world shipping, and the issue of container ship dues appears to have been the only serious jarring note in the discussions.

Mr. Dennis Martin-Jenkins, chairman of ICS, which represents owners in 24 countries, said yesterday that the authority's 10 per cent surcharge on container ships passing through the canal seemed to stem from a misunderstanding about the ships.

The surcharge was a considerable disincentive to container ship operators who were still finding it more economical to use the Cape route to the Far East, he added.

cameramen were on board Icelandic vessels at the time of the collision yesterday, and that "it was hoped" that their pictures would clarify what had taken place.

Behind the setting up of the 200-mile limit by the Icelandic government is the question of fish conservation. Mr. Agustinsson last night restated the concern felt by the Icelandic authorities over the question of ensuring future cod supplies.

The Foreign Office said last night that Mr. Kenneth East, the British ambassador in Reykjavik had been instructed to make a formal protest to the Icelandic government about the incident in which the "Iceland gunboat Thor deliberately rammed the frigate Andromeda".

The ambassador was instructed to point out that the "attack" on the Andromeda was carried out "without regard for human life or basic rules of navigation at sea."

At the Icelandic Embassy in London, however, it was maintained that the Thor had been "deliberately rammed," as part of the "unfriendly practice" of the U.K. authorities in the conduct of the fishing dispute.

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LABOUR NEWS

'Worker democracy' offer
hailed by rail unions

BY CHRISTIAN TYLER, LABOUR STAFF

RAIL UNION leaders last night hailed as a major advance in industrial democracy an invitation from the British Railways Board for them to become involved in planning a productivity and manpower strategy.

But their enthusiasm may be tempered by the views of their members because the offer could mean helping management to plan severe economy measures that could lead to substantial redundancies.

British Rail's proposal appears to be in marked contrast with the tactics used by the British Steel Corporation which is also trying to streamline—though more urgently and on a far larger scale.

National executive councils of the rail unions will now decide whether to accept the responsibility and possible conflict with their members' interests implied by taking up British Rail's invitation.

Mr. Sidney Webb, general secretary of the National Union of Railwaymen, called the invitation to join the productivity steering group "a giant step forward in terms of participation."

Mr. Tom Jenkins, assistant general secretary of the Transport Salaried Staffs Association, said it was a "very democratic idea, not lightly to be discarded, but neither the rail unions nor the TUC had yet cleared their minds on the whole issue of worker participation."

The invitation came at a meeting between union leaders and top rail management in London yesterday.

The Board said the Government would be deciding within a month its decision to hold a referendum on spending at £238m, a year, at least for the next year or two.

This figure is about one-third less than the Board says should be spent, and it agreed with the unions yesterday that holding the figure at that level could have "very serious consequences" for the service.

But it refuses to confirm the unions' repeated forecast that such a figure would lead to a cut of up to two-thirds in the 11,000-mile network by 1981 or other drastic cuts in the service.

Rail executives promised to draw up detailed forecasts once the Government had finally stated its decision on rail investment and pegging the passenger transport subsidy, and to meet the unions again.

They said they would then consult with the unions about which option to choose.

No figures for the kind of labour shedding that may be necessary have been produced yet, but both unions and management agreed that overmanning in the industry had been greatly overstated in much public discussion.

British Rail is anxious not to lose during the recession men it will need in several years' time when it hopes again to be expanding and competing for business.

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Hospital doctors
prepare for talks

BY OUR LABOUR STAFF

NEGOTIATORS FOR junior hospital doctors yesterday began preparing the way with Department of Health officials for what may be the longest dispute over overtime pay and a shorter working week.

They gave little clue as to whether Tuesday's independent forecast of available overtime pay, showing a £2.3m increase over the earlier Government estimate of £1.9m, this financial year, would be acceptable or lead to a new outbreak of industrial action.

It is this forecast that will be passed on to the profession's independent pay review body for pricing new contracts.

A statement from the doctor's executive committee yesterday said that figures still unavailable to the Department of Health

made interpretation of the report difficult.

But it was of "paramount importance" that joint evidence be agreed by next Tuesday before a meeting of the full national committee. This committee is expected to decide whether industrial action, at present suspended, should be called off.

Conservative health spokesman Mr. Norman Fowler called yesterday for an immediate inquiry into health service accounting.

The junior doctors' dispute made it clear that there was no confidence in the department's figures, he said. Without precise information it was impossible for accurate reports to be given in the House of Commons.

Electricians strike over travel time

BY OUR LABOUR STAFF

ABOUT 800 electricians on building sites in Liverpool are on unofficial strike because of a change in the way they are compensated for time spent travelling to sites.

Shop stewards claim that by the week-end about 2,000 men might be out, involving work on 11 contracts.

Up to now, electricians in the construction industry on Merseyside have had a flat 7p travelling allowance an hour. On January 1, the system was changed to that prevailing in the rest of the U.K., under which the allowance depends on the distance between the employer's base and the various sites where the electrician is employed.

The new system should mean higher allowances for many who came at a time when instead of receiving a 23 per cent pay rise negotiated last spring the men were only getting the 26-week increase allowed under the pay policy.

The pay agreement in the electrical contracting industry was renegotiated last month.

Knitting industry chief criticises equal pay

BY OUR LABOUR STAFF

THE CONCEPT of equal treatment for women at work which was enshrined in new legislation last week was attacked yesterday by a leading employer in the knitting industry.

"We love and value our women workers, but are old-fashioned enough to believe that men have home and family support and should be paid more than they are," said Mr. Frank Robson, president of the Leicester and District Hosiery Manufacturers' Association.

He was defending a 10 per cent pay rise being imposed by knitting employers in an attempt to end a national pay dispute.

He said that the 10 per cent rise meant that the top graded workers, male knitters, now on £60 a week would receive the Government's full £6 limit while women now on an average of £35 would receive only £3.30.

The National Union of Hosiery and Knitwear Workers is campaigning for the full £6 for all workers and is threatening to resume next Monday industrial action which has hit the industry in recent weeks.

Concorde reprisals warning

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE Confederation of Shipbuilding and Engineering Unions, with many members working in the U.K. aerospace industry, has warned the U.S. that any attempt to ban Concorde might result in wide-ranging repercussions, including closure of U.K. and French markets to U.S. civil aircraft.

The CSEU says in a long memorandum submitted to Mr. William Coleman, U.S. Secretary of State for Transportation, that "there is no place in the international aerospace industry for parochialism."

There will arise inevitably a feeling in Britain and France that, if landing rights in the U.S. are not granted, the Mecca of free enterprise has acknowledged it cannot stand the competition it has thrived on.

There would develop the opinion that vital technical information had been made freely available to obtain landing rights—and thus made available to the U.S. industry—without any corresponding return or advantage.

This could result in protective measures, and the closure of markets to the U.S. industry, to the detriment of relationships generally.

The provision of landing rights would promote and accelerate collaboration between

the U.S., U.K. and French aerospace industries and airlines, and prevent the isolationism which could set up a series of reactions by the affected parties, spreading far beyond the already complex issue of landing rights themselves.

The CSEU says that Concorde represents a major investment by the U.K. and France, and that the U.S. anti-Concorde lobby would be much less vociferous if the Americans own super-sonic airliner programme were still alive.

It suggests that any future second-generation supersonic airliner could be a transatlantic collaborative venture—"but only providing the builders of Concorde are able to benefit and to learn from operating and supporting the operation of super-sonic transports. Landing rights (for Concorde) in the U.S. are essential to such operations."

The CSEU has thus added its voice to the growing volume of comment by unions in the U.K. and France against any possible rejection of Concorde by the U.S.

The French engineering trades unions, with many members employed at Toulouse—the French centre of Concorde assembly—urged the French Government this week to fight for Concorde's rights in the U.S.

and called for a widespread union ban in France against U.S. aircraft and other products if the aircraft was rejected.

E. Anglia bus fares may rise

EASTERN COUNTRIES Omnibus Company, which runs services throughout East Anglia, said yesterday that it would apply to the Traffic Commissioners for an increase in fares in March by more than 10 per cent.

The company put up fares three times last year.

Mr. John Madgett, traffic manager at the group's Norwich headquarters, said that the recent rise in fuel costs and a wage award of £5 a week were to blame.

BUS SUBSIDY RECOMMENDED

Bus companies in North Staffordshire may get grants of up to £1.5m. The increase, seven times the present subsidy, is to be recommended to Staffordshire County Council by its joint transport sub-committee.

Labour opposition new party

CHRIS BAUR, SCOTTISH CORRESPONDENT

SCOTTISH Regional Labour Party has been formed by the "recently-formed" independent Scottish Party, by indicating that "no unionists could be tolerated."

His defection to the SLP follows that of Mr. James Sillars, MP for South Ayrshire, a leading devolutionist, who has joined the SLP but has not resigned the Labour whip in the Commons. The new party has also appointed a full-time general secretary at a salary of £3,000 a year. He is Mr. Alex. Neil, who recently resigned as Labour's Scottish research officer.

He has said that if he was to seek a candidacy it would be for the new party, which advocates a much stronger degree of industrial and economic devolution to the proposed Scottish Assembly than is planned by the Government.

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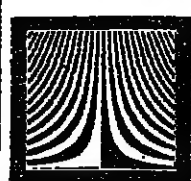
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PLASTICS—PACKAGING

BRAZIL

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EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RESEARCH

Interprets what the microscope sees

SKILL REDUCTION can be beneficial wherever microscopy is among the expensive laboratory tasks in an industrial process or a scientific investigation. This is especially true when the microscope images coil for quantitative analysis.

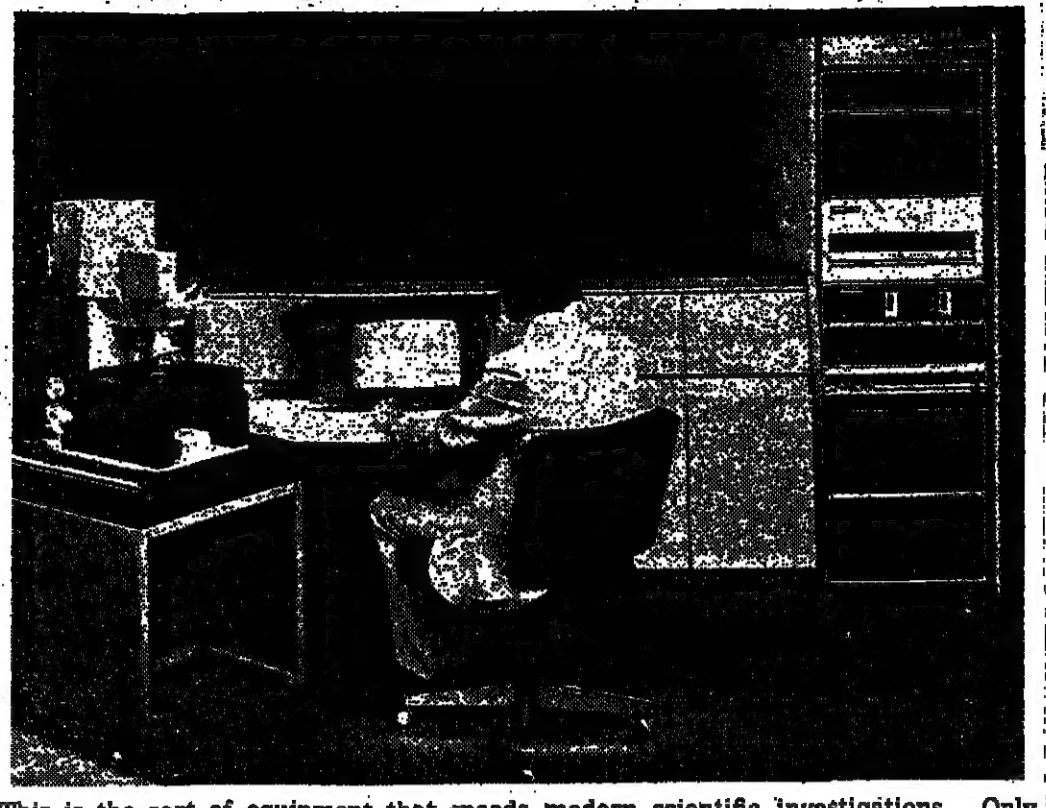
Ease in use is a major selling point of a range of image analysers that is being offered by Cambridge Instruments. The analysers are the new System 10 and System 20 variants of the Quantimet 720, which has become a "Cambridge" product following the recent merger of Scientific and Medical Instruments with Metals Research to form The Cambridge Instrument Company.

The Quantimet 720 in the old Metals Research "Imanco" catalogue has been familiar for some time among metallurgists, medical researchers and others for its ability to assess the shapes and numbers of selected features in a television picture from a microscope or practically any other imaging device.

What is extra in Systems 10 and 20 comes from simplification of operation, partly by attention to ergonomic detail and partly by embodying skill in software. The operator need do no more than push buttons or finger a keyboard.

The basic Quantimet 720 system bears its number because the image is scanned by a 720-line scanner. This working at 10 frames a second, signals its results to a detector, which examines the very precise "dots" into which the picture has been broken up and classifies them according to their tone or "grey-scale". Thereafter electronic logic discerns and assesses quantitatively the features of the minutely "dotted" image.

System 10 Quantimet is for users who wish to make measurements in repetitive inspection processes or clinical analyses. The measurement routines are written to suit each customer, and he can make use of them blissfully oblivious as much of programming matters as of optics. The operator has merely to press a button to choose a measurement routine, which may be anything from a simple glance at a single field of view



This is the sort of equipment that speeds modern scientific investigations. Only buttons need be pressed or a keyboard operated to glean measurements in repetitive operation processes or clinical analyses.

International Boat Show ends. This will take a stage further research done 30 years ago by Mr. R. M. Seddon, co-director of Uniflex, a company which has in various divisions dealing both in the toughest synthetic rubbers available to man and also in power boats, wet suits and spear-guns.

Thirty years ago Mr. Seddon carried out a trial investigation and discovered that the theoretical foundation for calculating various types of stress was far from sound. The methods used had been good enough for materials like steel, but in other cases a "very large gap" was disclosed. Seddon claims more accurate results than for anyone else and he has therefore been looking into the stressing of com-

posite materials, particularly in connection with what one could regard as beams. The accepted theory is not basically correct. Work on stress along these lines will be done at the company's headquarters until enough experimental detail emerges for high precision work.

It is intended for use in materials, soil and other testing laboratories and each channel has its own signal conditioning unit containing individual controls for full zero offset and span setting, so that the chart display reads directly in engineering units specific to that channel. A built-in analogue or digital indicator is provided for independent channel monitoring.

Each chart record display is individually numbered and coloured and is printed as a virtually continuous line, due to the high channel selection speed—up to one channel/second.

DATA PROCESSING

BBC opts for news by display

BY LATE 1977 staff at the BBC's external services in Bush House will be supplementing pen, paper and typewriter with 14 inch video screens.

The corporation is to modernise its production and distribution of news and current affairs at Bush House by installing a £2.2m. ITC computer-based news distribution system. Delta Data Systems, of London (01-580 7821), has won a contract to supply 47 of its latest 4000 type video display terminals, which are to be used for entering, displaying or printing information.

Instead of producing the material conventionally and then entering it for distribution to various language services for transmission, the new system will enable news stories, talks and features to be entered into the computer through the video terminals, which have extensive editing facilities.

The BBC decided on the new system as a means of speeding up the highly complex routines involved in its external broadcast. The system, which is in action round the clock seven days a week, uses 39 languages including English and has an output close to 700 programme hours a week.

At present, central supply departments, including the main newsroom, distribute news and features to these independently-operated language services involving—translating, duplication

and distribution by hand to hundreds of people located in three separate buildings and spread over 17 floor levels.

The inevitable delays and enormous consumption of paper arising from the expansion of external broadcasting activities prompted the BBC to look for radical solutions—resulting in a two year design gestation period, with ITC finally producing an electronic scheme to meet the BBC requirement.

Delta 4000 terminals were specified for the scheme because these new units are micro-programmable and incorporate the editing facilities necessary for journalists to undertake their work with flexibility.

Located at Selfridge's main warehouse in Harrow Road, Paddington, the initial Sander's installation, valued at £18,000, has a 16K microprocessor controlling eight displays and a dual tape cassette. Each day more than 1,000 orders are received and immediately keyed into the displays. The terminal then checks- verifies all the input data before storing it on the dual tape cassette.

Once a day the terminal goes on-line to transmit data to an IBM 370/148 at the British Shoe Corporation's Computer Centre at Braunston in Leicestershire as if

PROCESSING

Control of tension in strip

MACHINES used in the manufacture of such materials as paper, metal strip, plastics and textiles often demand constant tension control. In many cases the measuring equipment used for this purpose must be able to withstand high speeds, large vibration forces and large variations in the supply voltage and frequency.

ASA is introducing a new strip tensionometer based on its magneto-elastic force transducer, the Tensometer, which permits direct control of the strip (web) tension. This is a great advantage in, for example, paper winders and re-winders, since it eliminates the influence of inertia and mechanical losses in guide rolls and the unwinding stand.

To cope with large vibration forces, the load cell in which the transducer is welded, this means that the load cell is capable of measuring strip tension in both directions. The load cell is placed directly below the bearing housing of the measuring roll and senses the bearing force, which is directly proportional to the strip tension.

On the horizontal force is measured, while other forces are absorbed by stiff membranes. The tensionometer does not require any special overload protection, since the load cell itself can withstand overloads of up to ten times the rated load. Its output signal is proportional to the force for an overload up to double the rated load.

Each measuring equipment includes a control unit which is responsible for supplying the load cell with a stable magnetic current and for processing the output signal of the load cell.

ASA, Wilton House, 41 Strand, London WC2N 5JX. (01-630 5411).

TEXTILES

Preserves weft from breakage

MOST shuttle looms today operate with rigid or flexible rapiers that enter the shed of warp from each side. They "kick" in the centre and transfer from one to the other the thread of weft yarn which is then withdrawn across the full width of the shed of the fabric being woven.

This involves two transfers of the weft yarn. First it is collected by the advancing 2440mm x 1220mm and 1220mm gripper of the first rapier and then it is transferred to the withdrawing gripper of the second rapier. With delicate weft yarns this handling may well cause a weft break or some other fault.

A completely new approach to weft yarn handling has been developed in France by Macoutil (19 rue Cellard, F-69003 Lyon, France), which has introduced a new type of loom known as the Miflex. Instead of gripping the weft in the end of a rapier it is held by a small carrier. This collects the weft from the starting point and is then taken by rigid rapier to the centre of the shed where the carrier is transferred with its thread to the facing rapier. In this way the yarn is handled only once. A series of these small carriers, each with a small carrier, has just delivered its weft is dropped beneath the loom and returned to the opposite side to await its turn to carry weft across.

ASSEMBLY

Modified to seam silencers

HEAVY LORRY silencer bodies, which normally have the ends welded in place, are being modified to seam silencers by Moon Brothers, Beaufort Road, Birkenhead, Merseyside (051-682 1327). The company has modified one of its standard machines in conjunction with Cheswick and Wright of Blackpool (a member of the TI Silencer Group).

Cheswick and Wright's Truck Silencer Division at Risley, Cheshire, produces "lorry silencers" in a wide range of sizes, and the modification is designed for either development work or low output batch production on silencer body diameters between 3 and 32 inches, in lengths up to 36 inches. Either round or oval section silencers can be modified.

It is a vertical machine and modified to operate with silencers in the horizontal position. This eases loading and unloading of the heavy silencer bodies.

A flanged silencer body with an end stamping in place is set on a cradle and clamped. A roll seam is produced, applied by an air/oil intensifier-operated roller. When the cycle is completed the cradle is swivelled through 180-degrees for seaming the opposite end. Production rates of about 50/60 hour can be achieved.

The modified machine, designated CCZ, could be adapted for flanging the silencer bodies prior to seaming.

METALWORKING

Versatile miller from Italy

STATED to combine the high spindle removal rates of a knee-type horizontal machine with the versatility of a turret mill is the NLS-375 universal turret mill developed by Induma, of Milan.

It has a 55 by 11 inch table, with 36 inch horizontal travel. A 5.5 hp motor provides 12 spindle speeds from 30 to 1,500 rpm, while a separate 2 hp motor powers the longitudinal cross feeds.

A feature of the machine is the overarm which can be rotated through 180 deg. At one end it has the conventional ways to carry a horizontal arbor support. On the other end is fitted a turret head powered by its own 3 hp motor, providing infinitely variable spindle speeds from 50 to 4,000 rpm. A tachometer indicates the actual spindle speed.

Three automatic quill feeds are provided as well as manual feed. Mounted on a swivel joint, the head can be swivelled through 180 deg. in the

horizontal and vertical planes. RK International Machine Tools, Europa Trading Estate, Fraser Road, Etrick, Kent (01-304 8411), supply the machine in the U.K.

HANDLING

Boards can take molten metals

DEVELOPED to carry molten non-ferrous metals, U.K. Marine 45 HT and 720 HT are two new board materials from Cape Boards and Panels, Iwer Lane, Uxbridge, UBS 2JQ (Uxbridge 37111).

Capable of withstanding temperatures of 750 and 800 deg.C respectively, they are stated to be lighter than the conventional refractory brick and metal casting, and may be used to construct a rapidly handled launders and troughs. The company says that one-piece launders are self-supporting up to a maximum of 8 feet long, but usually light gauge (3mm).

High-temperature adhesives are available which enable the boards to be bonded together to produce blocks, permitting large components to be machined

using normal woodworking and engineering tools to a higher degree of accuracy. This is important where thin-wall sections are required, for example, with feed tip components, and other products such as distributor boxes, dip tubes, flow gate controls, impeller mould liners, and floats for continuous or direct-chill casting processes may all be produced.

Launders prefabricated in various standard sizes and to customers' specifications, are available. Made from 2440mm x 1220mm and 1220mm x 1220mm sizes, in seven thicknesses from 9mm to 50mm. High-temperature adhesives are available which enable the boards to be bonded together to produce blocks, permitting large components to be machined

All boards have square cut edges, are sanded smooth on both faces, and are supplied in 2440mm x 1220mm and 1220mm x 1220mm sizes, in seven thicknesses from 9mm to 50mm. High-temperature adhesives are available which enable the boards to be bonded together to produce blocks, permitting large components to be machined

FINANCIAL TIMES SURVEY

Thursday January 8 1976

MULTI-BANK CONSORTIA

Consortium banks have emerged from a period of difficulty in international banking markets with a clearer idea of their own identity and purpose. Important changes are taking place in the character of their activities.

RETURN of confidence in ground relative to others. The point was made by the recent figures produced by the Bank of England showing the growth of the London Eurocurrency market. These showed a sharp rise in 1974. The currency market, which showed a sharp rise in 1974, had been one of the institutions to suffer from a sharp decline in the third quarter, with the total of deposits falling from £1,000 million to £750 million. The Bank in mid-August, highlighted the dominance of the larger banks. Almost half the total deposits were held with only 21 banks out of a total of 325 banks and other institutions. And 89 per cent of the total was held with 74 of these banks, of which six were consortia.

The other evident change in the markets generally has been the growing participation of oil-surplus countries. In the past year this has developed well beyond the initial phase when the Eurocurrency markets were called on to handle a sharply increased volume of surplus funds being invested, reflected in the inflow of \$13.8bn. of foreign currency deposits into the London markets alone during 1974.

Presence

As the oil producing countries have spent more of their earnings on imports, the available surplus has been quickly reduced. At the same time, they have increasingly participated in the markets themselves, not just as depositors but as active bankers, channelling funds in both directions and establishing term with the major growing banking presence in the world.

As a result, there is no doubt that the big international banks have gained

and their long-term future perhaps more assured than at any time in the short history of the consortium bank.

The debate over the consortium banks has been running since the concept gained popularity not much more than five years ago. It has been confused by the widely varying nature of the institutions which are included in that description. They include banks backed by a small number of very large banks which also have their own considerable international potential; operations with much larger numbers of shareholders, sometimes ten or more smaller banks from many different countries; consortia of banks from a

single country; and more recently a number of groups set up to serve specific geographical or industry areas.

It is clear, too, that there was a considerable element of fashion in the rapid growth of the number of consortium operations in the late 1960s and early 1970s, with many participants joining

of groups with substantial funds building up London-based international merchant banking subsidiaries.

One discernible trend in the international banking markets, arising partly from the relative weight of the big banks and their ability to attract large deposits, is for major international banks to become even more active in the arranging of large-scale international loans.

Parallel with this, possibly, is the trend indicated by a number of recent events—including the Rothschilds move and Hambros' decision to sell out of Western American Bank—for traditional London merchant banks to pull out of large consortium operations which have reached a size where the investment involved could be regarded as disproportionate to the size of the shareholding bank.

And following the events of 1974, there also appears to have been something of a change of emphasis among the consortium banks generally.

During the boom years the emphasis among the consortia tended to be on building up a large loan portfolio on the bank's own books, an easy enough task when funds were freely available in the inter-bank market and the consortia could justify taking even a very modest turn by lending them on. The experience of loss of confidence during that period, however, led many of the consortium banks to slow down their expansion markedly, and in some cases to cut back the size of the book.

The process of consolidation, after a period of hectic growth, could last for some time yet. As this goes on, there are signs of more emphasis being put on developing typically merchant banking activities such as arranging finance and providing advice for clients on a fee-earning basis rather than going for large loan participations.

Along with this development, it may be that there will be a continuing trend towards greater specialisation among the consortium banks. This has already been seen in the establishment of specialised banks dealing in particular areas—such as Libra Bank in Latin America—or in specific industries. It is possible that even the more general consortia, except the very biggest, will find an advantage in developing skills in particular types of finance.

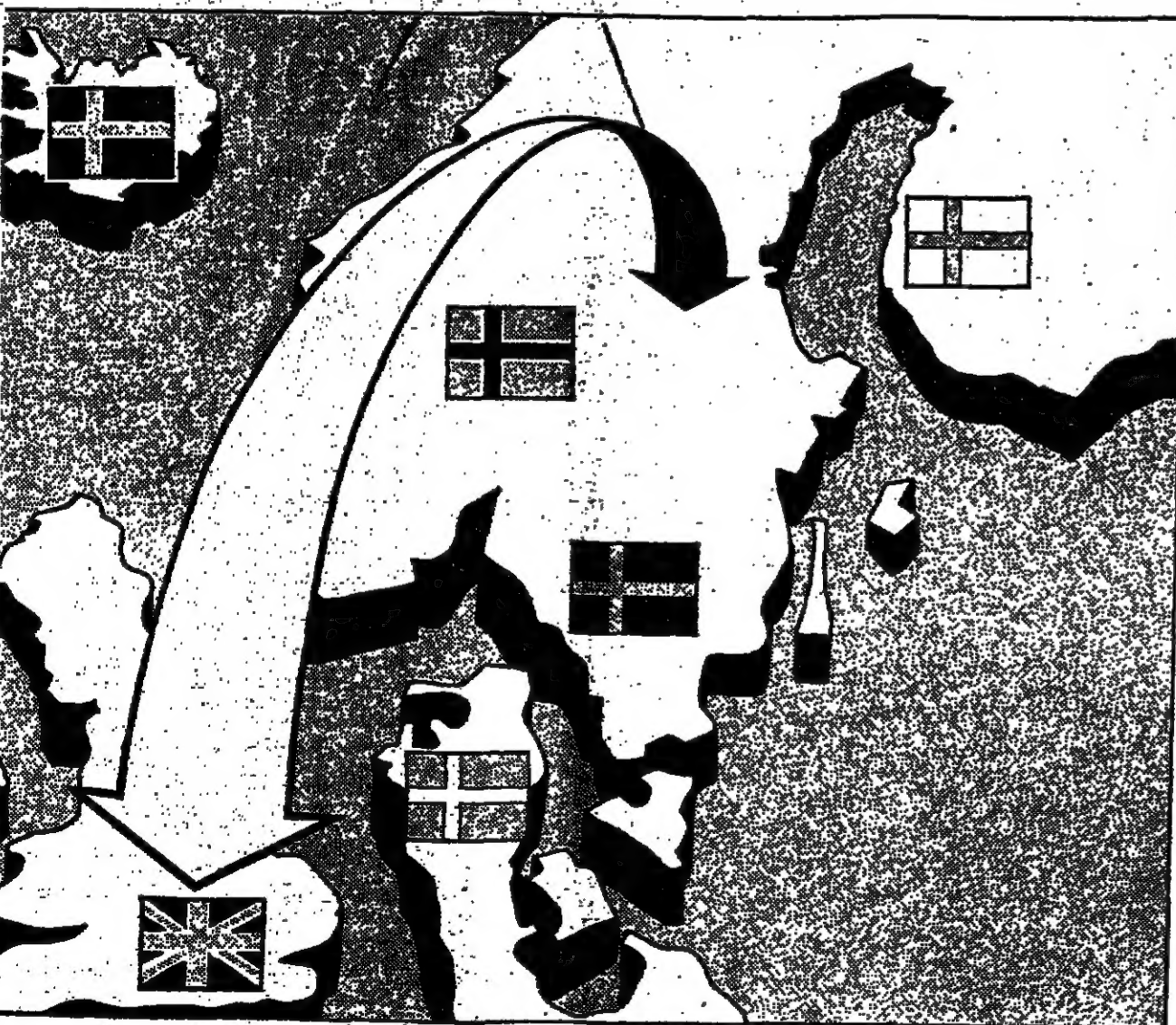
Channel

Much strengthened by recent pressures

By Michael Blanden

in with no clear idea of what was well as theoretical terms by particularly through the growth of the number of wholly or majority-owned merchant banking subsidiaries of the U.S. banks operating in London. The big banks have an acknowledged advantage in putting together big loans because of their ability to contribute a substantial proportion themselves.

Anxiety about the long-term stability of consortium banks, therefore, have been substantially allayed, and it is confidently felt in London that the concept now has an assured future. It is recognised, however, that the pattern of consortium banking operations may undergo further changes, and it is felt that there could be some reduction in the number of consortia of banks from a



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Channel for oil dollars

SURPLUS FUNDS of the oil producer nations have been so large in the past two years that they have certainly contributed a significant part of the resources of the consortium banks as they have of individual large banking groups. While the rapid build-up in the oil-rich States imports substantially reduced their cash for investment in 1975, the "petrodollar" surplus figure was still probably around \$55bn., compared with \$36bn. in the previous year.

Only a relatively small proportion of the very big total oil funds find their way to the consortium banks, which operate as international partnerships of different banks to mobilise mainly Eurocurrency resources in the world financial system and channel them into often large medium-term loans to company and other borrowers.

But the amounts of "petrodollars" in question are substantial in volume and appear to be holding up well, judging partly from the strong recent flow of Eurocurrency loans and Eurobond issues in which consortium banks have participated, partly to concerns in the Middle East of tapping funds from investors there.

The indications are that directly — and still more im-

portant, indirectly — the impact of the oil surpluses on the resources of the larger, and the more specialist Middle East-orientated, consortium banks has been well maintained. At the same time, on the lending side, the link with the Middle East has been prominent, not only through loans arranged to borrowers there by specialised consortia, but because of the part played by Arab money in backing the recent development by some large consortia of the market particularly in Canadian dollar Eurobonds.

Bank of England figures show that in 1975 consortium banks accounted for some 6.7 per cent. of the total foreign currency (Eurocurrency) liabilities of banks in Britain (\$10.1bn. out of \$159bn. in February and \$9.8bn. of \$166bn. in August).

What often happens is that such advances may be placed in the money markets by the recipient — countries — until required for the project for which they were provided. It is reasonable to believe that funds of this kind often tend to be channelled to specialist Arab-linked consortium banks, such as the Paris-based Union de Banques Arabes et Françaises or its connected banks including those in London and Rome.

Dominated
The Bank's latest Quarterly Bulletin also brings out the fact that the very large Eurocurrency market is dominated, to the extent of 83 per cent., by 74 banks and other financial institutions, out of a total of 323. Of these, six are consortium banks, some of the biggest of which are MAIBL (Midland and International Bank), Orion, in which the National Westminster is a large participant, International Commercial Bank and others.

It is hardly possible for the large non-specialist consortium banks to identify fully that part of their resources and deposits which derives from the oil producers. Mostly they see a little petrodollar money directly but feel that a good deal more flows to them indirectly in deposits from some of the "magic circle" of 45 or so leading individual U.S., British and European banks used by the Middle East nations.

One chief of a big consortium bank says that if oil producer States account for, say, 5 per cent. of the deposits of a given

large U.S. bank, then some 5 per cent. of the deposits of that bank with his can broadly be estimated to come ultimately from an oil country.

Not all the money of oil producer origin which finds its way to consortium banks arrives by the same kind of route. Another type of source is the less developed Arab nation, say in North Africa, which is receiving loans from oil-rich neighbours. Special bilateral advances of this nature have tended to be stepped up from such lenders as Iran and Kuwait.

What often happens is that such advances may be placed in the money markets by the recipient — countries — until required for the project for which they were provided. It is reasonable to believe that funds of this kind often tend to be channelled to specialist Arab-linked consortium banks, such as the Paris-based Union de Banques Arabes et Françaises or its connected banks including those in London and Rome.

UBAF, which is headed by an Egyptian, Mr. M. M. Abushadi, and has some thirty shareholding banks from a wide span of Middle East countries, as well as the big French group Crédit Lyonnais, was the first example of consortium banking co-operating between Arab and European shareholders. Its London associate, UBAF, is jointly owned by UBAF of Paris, Libyan Arab Foreign Bank and the Midland Bank.

UBAF of London, while dealing on an equal basis as regards interest rates and so forth with all comers, naturally reckons that it gets a special opportunity to do business, both in deposit-taking and lending, with the Arab world. Probably some 40 per cent. of its deposits derive from Arab sources, a trend which has helped towards the rapid growth in its total resources to some £253m. from £208m. in the past year, while

much of the lending it arranges is for Arab countries.

The UBAF group played a key role in the mobilisation of several large and important loans for developing Arab countries in 1975.

It was the agent and one of the managing banks for the \$500m. loan arranged for the Central Bank of Iraq. It also acted in a similar role over the \$100m. credit for Oman and the \$100m. loan for the Algerian oil concern Sonatrach. In addition, UBAF participated as one of the managing banks arranging a two-part \$400m. credit for Algeria, \$200m. for the Banque Extérieure d'Algérie and the same amount for the Banque Nationale d'Algérie.

Another consortium bank closely linked with an important part of the Middle East is the Iran Overseas Investment Bank (Iranvest), set up in 1973 and now with \$8m. of issued capital, 50 per cent. of which is owned equally by its two Iranian shareholders, Bank Melli Iran and the Industrial and Mining Development Bank of Iran. The other eight shareholders include Barclays Bank International, Deutsche Bank, Bank of America and Bank of Tokyo.

Resources
Iranvest, whose total resources at the end of the past financial year are likely to have been some \$56m., was established primarily to channel resources for longer-term purposes into Iran.

The development of the big Middle East oil surpluses after the large petroleum price rises in early 1974 meant a pause over implementation of this aim in 1974 and for much of 1975, when White Weld and Wood Gundy concentration was rather on short-term trade financing.

But with the heavy spending by Iran on industrial development fast eroding that country's surpluses, Iranvest's sights are again currently fixed chiefly on backing of Iranian public sec-

for development projects, especially power and communications, in the months and years ahead.

Resources of this consortium bank derive from its wide range of shareholders, and from other depositors, including a number in Iran.

One of the large general consortium banks in a friendly relationship to Iranvest is Orion, which has always taken a special interest in developments in Iran.

An interesting trend recently in which Orion (whose shareholders include Royal Bank of Canada) has participated in the rapid growth in the previously little developed market in Canadian dollar Eurobonds. A particularly significant aspect of this in relation to the oil surpluses is that there is evidence of considerable backing of such loans by Middle Eastern investors.

It is clear that, with the revival over the past year of the U.S. dollar, a greater part of the "petrodollar" funds have gone into that currency. But a desire to spread risks and to have some diversification of investment in North America for general political reasons may well underlie the growing popularity of Canadian Eurobond issues with Middle East investors.

Recent issues which are thought to have attracted some Middle Eastern support include Canadian Pacific Securities' \$35m. loan and that of \$39m. for the Royal Bank of Canada. Another example is the current \$23m. loan, with Orion, Credit Suisse, White Weld and Wood Gundy as guarantors.

The success of this string of Canadian issues could be the forerunner of others enabling Canadian borrowers to tap further "petrodollars."

Margaret Reid

Why have ten of the world's greatest banks backed Iranvest?

It is common knowledge that Iran has one of the strongest and most rapidly growing economies in the world; and it is common knowledge that Tehran is fast becoming one of the world's leading financial centres.

But investing in Iran can be a complex business.

In a country expanding so rapidly it is virtually impossible for the outside investor to keep pace with the important details of developments.

Additionally the investor must be fully conversant with

Iran's financial legislation, designed to guarantee the long-term stability of the country.

For all of these reasons eight of the world's greatest banks joined forces with two major Iranian banks — Bank Melli Iran and Industrial and Mining Development Bank of Iran — to form IRANVEST (Iran Overseas Investment Bank Limited).

Iranvest's specialist knowledge — both of Iran and of international finance — may be of interest to you.

Why not find out more?



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Iran Overseas Investment Bank Limited,
120 Moorgate, London EC2M 6TS. Telephone: 01-638 4831.

Useful overseas links for U.K. banks

CHANGES in the pattern of involvement in consortium banking operations have become evident among the merchant banking community in recent months. A number of instances in which merchant banks have pulled out of joint banking companies or reduced their commitment could suggest a growing view that connections with general Eurocurrency consortium banks are not necessarily an appropriate method for a merchant bank to adopt in developing its international business.

Recent events have included Rothschild's decision to sell out of the Rothschild International group which has become the London International merchant banking arm of American Express; the move by Hambros to sell to the other shareholders its remaining 10 per cent. holding in Western American Bank (Europe); and in a slightly different context, the deal under which Merrill Lynch International is to lift its stake in Merrill Lynch-Brown Shipley to 95 per cent., renaming the company Merrill Lynch International Bank and leaving its former 50-50 partner with only a modest 5 per cent. interest.

Expertise
By no means all merchant bank participation is being ended, and indeed there have been further new developments in the past year. In particular, it may be argued that a merchant bank has a particularly important contribution to make where it can offer expertise in international banking which its partners may be less equipped to provide. Warburg's participation in the London and Continental Bankers, for example, is one instance of a merchant bank's special expertise helping a group of European co-operative banks to develop international activities. Similarly, the recent participation by Samuel Montagu in a new investment bank in Kuwait is a case where with a relatively small 10 per cent. stake the merchant bank is providing the management for the new venture.

Nevertheless, there do appear to be some themes in recent developments. In particular, there is the point that a U.K. merchant bank, with a relatively small capital base and dwarfed by international commercial banking partners, may find itself outweighed. There is a danger in this situation, that the tail will begin to wag the dog.

Hambros had always intended to reduce its interest in WAB, though the move had perhaps

been delayed by the need to overcome the special problems experienced by the consortium during the difficult period in international banking markets last year. Nevertheless, it does seem to be felt that when a consortium bank grows to a size which could rival its parent merchant bank, it may be time for the merchant bank to move out. This feeling may have been increased by the moves by the Bank of England which required owners of consortium banks to give assurances of their support if such an organisation should get into any difficulties, a promise which again could present problems for a relatively small merchant bank linked with a substantially larger partners.

Moreover, the trend in some consortium banking operations to put less emphasis on pure Eurocurrency lending activities and more on developing fee and commission-earning advisory services could bring them increasingly into competition with merchant banks. It may be acceptable to participate in a consortium which has as its main purpose the provision of large lines of finance for customers, an area in which the merchant banks would not normally compete. It is different when the consortium itself has ambitions to provide similar services to those from which the merchant bank makes its living.

The problems do not arise in the same form with big international commercial banking groups such as the U.K. clearing banks. Nevertheless, there have been marked differences of outlook among them towards the development of international banking activities generally and specifically towards participation in the Eurocurrency markets through joint or consortium operations. Developments in these areas of banking have formed part of a general process which, in a fairly short period, has changed the big U.K. banks from a situation in which they were predominantly domestic operations, relying mainly on correspondent relationships with other leading banks for coverage in the main financial centres outside London, to become major international banks.

In dealing with this development, the U.K. banks started some way behind their U.S. competitors which in some areas entered the international business earlier and in particular were the first banks to treat Europe as a single area for banking purposes rather

than as a group of separate countries. Catching up has involved both the establishment of more extensive representation abroad, particularly in the main financial centres of the advanced countries, and the development of extensive business in the international Eurodollar and other markets.

Moulded

In part, the direction which this development has taken has been moulded by the historical connections of the banks. Barclays, for example, started with control of Barclays DCO, and with the purchase of full ownership and the integration of the overseas bank as the international arm of the group had a solid basis for the creation of more extensive foreign representation. Similarly, the acquisition of Bank of London and South America provided Lloyds Bank with the foundation of its overseas activities, since considerably developed with the purchase, for example, of a substantial operation in California.

The ownership of these important overseas banking operations has perhaps contributed to the general attitude of these two banks which has tended to be rather less favourable to the concept of consortium operations. Barclays, though by no means completely against the idea, has inclined to emphasise the problems which can arise in reconciling the interests of different shareholders and in running joint operations. Lloyds has stuck to its principles to the extent of pulling out of the London Interstate Bank, the consortium operation in which its Californian acquisition, First Western, held an interest.

National Westminster, by contrast, was a founder member and remains a convinced supporter of the important Orion group of consortium operations and related operations such as the Libra Bank specialising in Latin American business. Orion may probably be regarded as unique among consortium operations in the character of its shareholders and the basis on which it has operated. In contrast with the specifically Midland Bank particularly is involved. Orion is backed by major banks across the world, including Chase Manhattan, Mitsubishi Bank, and has related to a considerable extent on drawing its own personnel from its parents.

This operation provides evidence that for at least some

powerful consortium group is not inconsistent with the development of extensive international activities by the parent banks individually. NatWest itself is widely represented in Europe and has recently started to build up its operations in North America, setting up a full executive office in New York, staffed by executives transferred from London.

The relationships undertaken by Barclays have had more specific objectives. The bank's major connection has been developed in the European context, initially through membership of the SFE consortium which has more recently been extended to include a direct relationship with the broader Abecor co-operative grouping of European banks. At the same time, the Barclays group has taken part in consortia with specific industry or geographical purposes including the International Energy Bank and more recently the Euro-Latin American Bank with European and Latin American partners.

There is no doubt that the existence of the Common Market and more recently U.K. membership has been a significant force behind the trend towards closer relationship, among European banks. Midland Bank's involvement with its European partners in the EEC co-operative group and its growing number of offices was specifically founded on the idea that eventually the establishment of economic and monetary union in the EEC would make it possible to contemplate the creation of a truly European bank by merger among some or all of the constituent members.

Vehicles

While the realisation of this ideal has had to be put off to the fairly distant future, the basis has remained an important vehicle for developing the Midland's overseas representation in areas ranging from North America to the Far East. Though there have been some signs recently that Midland may be looking to develop more active operations independently, it remains firmly committed to the co-operative concept.

By whatever route the U.K. banks undertake the business, however, it is clear at present that international and overseas activities remain high on their list of priorities for further development and are likely to be a growing element in their profits.

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MULTI-BANK CONSORTIA III

Possible curbs in U.S.

CHRISTMAS EVE most U.S.

ers were too busy prepar-

ing the season's festivities to

quietly issued a proposed

statement on U.S. banks'

ventures abroad. If imple-

mented, it could have a profound

effect on the future pattern of

banks' international activity.

The gist of the Fed's state-

ment is that in future it intends

to take a much closer look at

banks' plans to participate

in foreign consortia and joint

ventures. In considering applica-

tions, therefore, it will take into

account the possibility that the

venture might need additional

capital support and that this

support could be larger than the

banks' original equity in-

vestment. It will also examine

applicant's ability to meet

its own demands upon it in

the form of either financial or

operational support. Even

if a U.S. bank may propose

joint venture, the Fed states that

it will approve the investment if

it is able to bear the interest, are

"consistent with the

proposed policy statement is

"not intended to prohibit or dis-

courage new foreign joint ven-

tures. Its objective was to

"clarify for all parties con-

cerned the probable magnitude

of the risks involved." But there

is no doubt that the Fed has

been becoming increasingly un-

easy about the risks involved in

the growing multiplicity of joint

ventures in which U.S. banks

are now participating.

Over the past year a number

of U.S. banks have been forced

to come to the aid of various

ailing joint ventures. In Britain,

for example, Citibank has had to

inject fresh capital into Grind-

lays Bank, Texas Commerce

Bank has had to pick up the

pieces of Burton and Texas

Commerce Bank after the

majority partner (the Burton

group) had run into financial

difficulties, and the U.S. share-

holders of Western American

Bank found themselves forced to

purchase a substantial portion

of that bank's loan portfolio.

Elsewhere, Wells Fargo has had

to make provisions for the

losses of its German affiliate,

Allgemeine Deutsche Credit-

Anstalt, in which it took a 25

per cent. interest in 1973. The

Fed feels that in the past many

U.S. banks have climbed into

bed too quickly, with foreign

partners without fully realising

the consequences. It plans to

prevent this happening in

future.

Provisions

The Fed's fear is that U.S. banks are in danger of over-extending themselves internationally at a time when the profitability of their domestic operations is under pressure because of the need to make substantial loan loss provisions. It has been concerned that the rapid growth in bank assets over the past few years has not been backed by a similar growth in bank capital. Consequently, one of its main preoccupations over the past 18 months has been to curb banks' diversification plans and encourage them to strengthen their capital bases.

On the international front this has meant that the Fed has been pursuing a much more cautious attitude to U.S. banks' applications to join foreign consortia. This first became apparent in the summer of 1974 when the Fed turned down First Chicago's plan to take a 50 per cent. stake in a London-based Spanish merchant bank. Another casualty of the Fed's "go-slow" policy was Chase's plan to take a 50 per cent. interest in First National Finance Corporation's U.K. consumer finance activities. Chase eventually abandoned its plans because of the long delay in receiving Fed approval.

More recently still, an application by the First National Bank of St. Paul to take a stake in a Beirut investment company was refused. Explaining the decision the Fed stated that "generally, the Board has not approved the establishment or acquisition of new ventures that are, or could be significantly expansionary for those U.S. banking organisations that, in the Board's judgment, should be concentrating upon strengthening their current financial positions, unless other public interest factors weigh strongly in favour of approval."

The Fed has made certain exceptions on the grounds that it was necessary (a) to maintain an existing investment in an on-going operation; (b) to meet local capital requirements; (c) to allow the public interest to be served. In practice, this has meant that the bulk of recent approvals for joint ventures have been limited to the top 15, or so U.S. banks (for example those with assets of over \$10bn.) and have been aimed at areas of prime business potential — for example the Middle East and other OPEC countries such as Nigeria and Venezuela.

Thus Morgan Guaranty has been allowed to take a 20 per cent. stake in the London-based Saudi International Bank. Morgan, which is providing the management expertise, has long

had a close relationship with the bank's majority shareholder, the Saudi Arabian Monetary Authority. Aside from this venture the Fed has granted Morgan permission to take minority stakes in recently formed Nigerian and Venezuelan merchant banks. A handful of other U.S. banks have also managed to circumvent the Fed's virtual ban on consortia operations. Chase, for instance, has been allowed to take a 40 per cent. stake in Chase National Bank of Egypt, a 35 per cent. stake in the International Bank of Iran and a 20 per cent. share of a Saudi Arabian investment bank.

Another major consortium which has slipped through the Fed's net is the UBAF Arab American Bank (UBAAB) which is scheduled to open in New York in the Spring. The bank is the first U.S.-Arab consortium bank to be established in New York which helps explain why it has been given Fed approval. Its four U.S. shareholders (First Chicago, Security Pacific, Bankers Trust and Texas Commerce Bank) will each hold 5 per cent. of the capital.

But such approvals have been the exception rather than the rule and most U.S. banks have decided to shelve plans to participate in joint ventures rather than risk the humility of having the Fed turn them down.

Hampered

Within the U.S. the consortium banking concept has never flourished to the extent it has in Europe. The only home-grown U.S. consortium bank is Allied Bank International which was set up in 1968. Owned by 18 small regional banks it has assets of \$593m. and head office in New York, branches in London and Nassau and representative offices in Hong Kong and Tokyo. Its main aim has been to give its shareholders an effective vehicle in the Euromarkets and to this end it appears to have been successful, although it has never published its profit figures. However, its future growth and profitability is hampered by the fact that it has to observe far more stringent capital ratios than its European competitors.

So far Allied Bank has had no imitators. Whether this reflects U.S. banks' disenchantment with the fruits of consortia operations, legal obstacles or official disapproval, is uncertain: a mixture of all three, probably.

Overseas, U.S. banks' enthusiasm for consortia operations has undoubtedly lessened. A number have found themselves mounting expensive support operations and many banks have yet to receive a dividend on their equity investment. Indeed, one senior U.S. banker in London commented recently that "a lot more American banks are trying to get out of consortia operations currently, than are trying to get in." This view is not shared by all U.S. banks but it is clear that a number are now content to bow out of consortia.

In late 1973 the First Pennsylvania Bank and Trust Co. and United California Bank pulled out of Atlantic International Bank. Both decided to channel their business through their London branches. More recently the acquisition of Bank by American Express has forced First City National Bank 50 per cent. stake in a London-based Spanish merchant bank. National Bank and National City Bank of Cleveland to sell their stakes (they owned roughly a third). So far none of the three has shown any signs of investing in other London consortium banks.

Somewhere

Within the U.S. banking community opinions continue to vary widely as to the pros and cons of consortia operations but what is clear is that whatever U.S. bankers may think about them it is virtually impossible to find a major U.S. bank with assets of over \$4bn. (i.e. the top 25) which does not have a stake in a consortium banking operation somewhere in the world. Among the top 20 U.S. banks, for instance, 13 have stakes in at least one London consortium bank. Even a bank such as Citibank, which prides itself on 100 per cent. control of most of its overseas ventures has stakes of less than 50 per cent. in more than 30 foreign joint ventures.

There are two major explanations for this. The first is that specialisation via consortia, whether geographical or industrial, has demonstrable advantages which even the largest banks would be foolish to ignore. Secondly, a growing number of countries, especially in the less developed parts of the world, insist on 51 per cent. local ownership. Consequently, U.S. banks have no choice but to follow the consortium banking route in partnership with local interests if they want to do business in these countries.

William Hall
The Banker

U.S. BANK REPRESENTATION IN LONDON

Bank	Size (\$bn.)	Merchant Bank	Consortium Bank	Specialist
Bank of America	58.7	Bank of America Int. (55%)		Int. Mexican Bank Eurobank Iran Overseas
Citibank	55.5	CITIBL	Orion	Libra
Chase Manhattan Ltd.	41.1	Chase Manhattan Ltd.		Anglo Romanian Iran Overseas Saudi International
Man. Hanover Ltd. (75%)	25.7	Man. Hanover Ltd. (75%)	London Multinational	
Morgan Grenfell (30%)	24.9	Morgan Grenfell (30%)		
Bankers Trust International	18.9	Bankers Trust International	Int. Commercial Bank	
Continental Illinois Ltd.	18.5	Continental Illinois Ltd.	Western American	
First Chicago Ltd.	18.3	First Chicago Ltd.		
Intnl. Marine Banking	12.4	Intnl. Marine Banking		
Wells Fargo Ltd.	12.3	Wells Fargo Ltd.		
Charter	11.9			
Crocker	10.0			

Source: The Banker.

*Indirectly held.

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MULTI-BANK CONSORTIA IV

Specialist operations

OPERATING IN a specialist context, either regional or industrial, makes a good deal of sense for consortium banks, since the marriage of expertise on the chosen area with the resources of the parent banks offers a strong challenge to individual banking rivals.

From the viewpoint of the participating shareholders, the risk in the selected sector is limited, yet it qualifies for a proportion of the action going in a field where it might well not venture alone.

True, in the past two recession years, particularly in the wake of the mid-1974 collapse of the Herstatt Bank in West Germany, the advantages have often seemed the negative ones of restricting exposure to trouble, rather than the more positive appeal of sharing profitable specialist business. The big groups with little keeness for consortia have had some reason to congratulate themselves on their attitude.

But with the emerging signs of world economic recovery—abroad ahead of Britain—now in evidence, the specialised consortia, particularly those operating in the growing areas of the Middle East, the Far East and Latin America, could come thoroughly into their own again. The concept of specialist consortia, though mostly developed

in recent years, often through offshoots of the main non-specialist groupings, dates back for a number of years.

The RoyWest Banking Corporation, bringing together partners including the National Westminster Bank in Britain and the Royal Bank of Canada—also associated in Orion—has been active in the Caribbean for some years.

Partnership

One of the biggest groupings, with a European regional orientation but wider interests, is the Société Financière Européenne, a partnership built on the narrower original ASECOR associates and now comprising eight leading banks: Barclays Bank, not always an enthusiast for consortium banking, joined the group in 1974; the other partners are Allgemeine Bank Nederland, Banca Nazionale del Lavoro, Bank of America, Banque de Bruxelles, Banque Nationale de Paris, Dresdner Bank and Sumitomo Bank.

SFE not only operates in the Eurocurrency market in the usual consortium bank manner, arranging medium and long-term loans, but has a merchant banking aspect, specialising in advice on mergers and acquisitions. It also participates in the International Energy Bank

grouping. Its wider interests are reflected in the role of a number of its participants in the Latin American-oriented Euro-Latin American Bank (Eulabank), in its finance company in Hong Kong (SFE Pacific) and its stake in the Middle East-linked Compagnie Arabe Internationale d'Investissement.

The Inter-Alpha group, including Williams and Glyn's Bank and six Continental partners, is another concern interested in the European market and beyond. Latin America as a developing region with plentiful need for capital finance is a part of the world in which other consortium banks specialise, notably European Brazilian Bank (Eurobraz), including the Deutsche Bank and the Union Bank of Switzerland, and Libra Bank, associated with Orion Bank.

Midland Bank, a member of the ERIC (European Banks International Company) club, with important European operations, has, with some of its partners in ERIC, a minority stake in Banque Européenne pour l'Amérique Latine, also focused on the Latin American region.

Bank of England statistics bring out the emphasis of the consortium banks on medium-term lending, of the kind often

required by developing countries or for major projects elsewhere, as distinct from the shorter-term investment characteristics of the Eurocurrency market as a whole.

In August, 1975, for instance, out of the assets of \$10.1bn. held by the London-based consortium banks in foreign currency, almost half (\$4.4bn.) was in loans for periods of longer than one year, \$3bn. being for more than three years. In the Eurocurrency market as a whole, less than a quarter of the loans and investments (\$38.7bn. out of \$166bn.) had maturities of more than one year. The Bank's figures in its latest Quarterly Bulletin also show that the maturity of deposits with the consortium banks has lately tended to lengthen.

Placements

One geographical area with large development plans is the Middle East, also the source of its richer countries of large sums of surplus cash, some of which find their way into the consortium banks. The "Petro-dollar" money, though initially almost entirely, and still to a substantial extent held short-term, is now somewhat more readily available for subscription to good short-to-medium-term placements of the kind often

arranging. So far as cash-raising for Middle East development is concerned, however—and such operations tap the general range of investment resources, well placed to raise not particularly "petrodollars" as, if needed, from shareholders.

Among other specialist operations oriented to particular industrial areas, the Bank for International Ship Mortgage Interests, which has the Midland Bank as its Middle East stake along with Har

Scandinavian banks, established groupings with East-West trade, Vienna-based Int Centre Internationale, which has the Midland Bank, while Banque D'Algerie, which has one associate in London and others elsewhere, has in the past year played a prominent part in raising major finance for developing Arab countries, notably \$500m. each for Iraq and Algeria.

Iran Overseas Investment Bank (Iranvest), based in Lon-

don and with 50 per cent capital held by two big banks and the rest by banks including Barclays International, specialise under Iran's big development programme.

Among consortium with an industrial special one of the best known national Energy Bank has North Sea financial ties and which brings the Société Financière pétrolière club, referred to with five other bank holders. These five are Scotland, Barclays Bank, National, Banque Worms, Imperial Bank, Mexico and Republic Bank of Dallas.

The vastness of the needed for North exploration and production now a commonplace, recognition that their them a suitable and widespread banking operation, rather than individual banks' action IER, founded in 1973, and with an end going beyond the North Sea. The bank has been growing rapidly at the end of 1975 is show total assets of nearly double the \$41 end-1974 balance sheet. The bank played a part in 1974 in fixing up a field in the North Sea now in the process of another very major operation, of \$275m. Claymore Field. The operations tap the general such large owners believe range of investment resources, well placed to raise not particularly "petrodollars" as, if needed, from shareholders.

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Iran Overseas Investment Bank (Iranvest), based in Lon-

Change of course in Euromarkets

WHEN the pioneering consortium banks were first set up in London in 1967, it was in the belief that they would be best placed to raise the really big Eurodollar loans being demanded particularly by developing countries. Before long, however, it emerged that the major merchant banks had similar capabilities. And in addition, the need to build up loans of \$100m. or more, as was common in early 1974, was anyway much reduced last year. The majority of international commercial loans now average around \$60m.

It was also presumed that a major attraction of the consortium banks would be the access they would give smaller individual banks to Euro-market business. But as this market flourished, and it became possible for even the most meagre of profits in these activities, even the consortia shareholders began to operate in the market on their own account.

The third important reason d'être of the consortium concept was that it seemed a cheaper way for U.S. bank shareholders particularly to get the necessary foothold in Europe in order to participate in the Eurodollar market. But the growth of the business has been such that most of them have now also established their own operations in London and in other important centres in Europe as well.

Finally, the consortium banks have been valued as teachers. It was through involvement in consortia as shareholders that many banks first gained sufficient expertise to enter Euro-market business on their own. As was inevitable, once these shareholders felt confident to act on their own, it began to be difficult to avoid treating the consortia as rivals.

Good business was passed on to the consortia less and less since shareholders could see no reason to share profits when they could keep them to themselves. One consortium which in this sense seems to have suffered from its success is Rothschild Intercontinental Bank, which last year disappeared into Amex International.

So now the consortium banks are following a new tack. Their future, it is suggested, should lie in their development as innovators and specialists in medium-term financing. The course is a logical one. It was always believed that consortium banks should become the virtuosos of the Euromarket, rather than interest rates, for from some of the traditional constraints of merchant banking stay of the business. This attitude persists in spite of big of the Euromarket and were improvements on spreads last year to 11 per cent, or more from the undisciplined cut-price margins of 1 to 1 per cent seen in early 1974.

Meanwhile, it seems that the consortia have more or less bowed out of the Eurobond market for good after the disasters suffered by Orion and Western American in 1974. Moreover, the recent boom in national Energy Bank was this market seems unlikely to

tempt them back. The key to success in this area is currently private placement power (the retail side being now less important) and since the consortia are not investors' banks, this is clearly not where their strength lies.

But non-consortium banks operating in the Euromarket also have their share of brain waves. The most recent was the \$35m. two-tranche loan arranged jointly with the World Bank by Bank of America for the Brazilian Companhia Siderurgica Nacional. The loan, which carries a cross-default clause, offers therefore maximum security for commercial banks which might otherwise have hesitated to provide funds on acceptable terms.

The consortium banks, however, are no longer considered experimental. Their survival through the difficult times in 1974 and their strengthening in 1975 have proved them well established, particularly as loan managers. In addition, despite portfolio management and investment services having become a profitable sideline for some of them, about 80 per cent of their business remains Euromarket activities.

The Bank of England's latest statistics show that between May and August last year, their share of total deposits in London was up to a respectable 6 per cent, while their share of medium-term lending rose at one point to above 11 per cent.

The consortium banks continue to use their shareholders' resources in their medium-term lending operations. Orion Bank was recently manager of a \$60m. multicurrency facility for the Spanish RENFE enterprise with both National Westminster and Westdeutsche Landesbank Girozentrale as co-managers and another shareholder, Mitsubishi Bank, among the fund providers. Mitsubishi Bank and Credito Italiano also participated in Orion's recent \$25m. loan for Mitsubishi International. Meanwhile, Atlantic International Bank has also lately announced a \$15m. loan for Fertisa SA of Mexico with two of its shareholders on the "tombstone." In all these recent loans, it was the old picture of the consortia providing the management expertise and their shareholders the muscle.

But, contrary to what might be expected from the old aggressive image of the consortium bank, during 1975 they have been noted for their cautious approach to Euro-market business. In the previous troubled year they were forced to scrutinise their books and balance sheets closely so that now a new emphasis has been put on liquidity and profitability. Income from fees, for instance, have become the mainstay of the business. This attitude persists in spite of big of the Euromarket and were improvements on spreads last year to 11 per cent, or more from the undisciplined cut-price margins of 1 to 1 per cent seen in early 1974.

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COMPANY NEWS + COMMENT

McCorquodale improvement to £2.34m.

AFTER INTEREST charges more than doubled from £205,000 to £700,000 and a sharp increase in the cost of wages, materials and overhead expenses recoverable only in part by price increases, profit, before tax, of McCorquodale and Co. International specialist printers, expanded from £1,923,000 to £2,344,000 during the year to September 30, 1977.

At half-year, profit was £1,407,000, compared with £882,000 after charging £108,000 compensation claim.

Year-end earnings per £1 share are shown to be up from 20.4p to 27p and a final dividend of 8.75p net on capital increased by rights issue lifts the total from 11.33p to 12.75p. The payment is covered 1.9 times by available earnings.

Commenting on the results, the chairman, Mr. Alastair McCorquodale, says that wages and operating expenses have escalated more sharply than in the previous year although the price of paper, the main raw material, has risen at a lower rate. It has not been possible to recover all of the increased costs by way of price increases, he states.

Turning to the future, Mr. McCorquodale says at present it is not possible to fill all the available capacity and selective retrenchment is taking place. Nevertheless, benefits of the programme which the Board has followed in its investment in specialist activities "will enable the group to maintain the impact of the recession and maintain a strong base for future progress and growth." Investment in new and replacement machinery is continuing and this will enhance the group's ability to benefit from any up-turn in business, he adds.

McCorquodale is 32 per cent ahead pre-tax, but the group needs a repeat performance to avoid ending the year with a loss and the chances are that this will not be achieved. Substantial losses in the U.S. are being stemmed currently. But there will be no volume growth in printing this year, and even allowing for sales diversions, 1977-78's second half profits were clearly under pressure. At the same time this year's policy of selective retrenchment will involve redundancy costs. Still, the shares jumped 8p to 235p yesterday, and subscribing shareholders have done very well out of July's rights issue at 135p. That funding was plainly opportunistic, and indeed net borrowings last September were still under half of net worth at £8.1m. But earnings trends are going to be of scant help to the share price this year.

Receiver for W. Wood subsidiaries

W. Wood and Son has requested Receiver Bank and National Westminster Bank to appoint a receiver to its principal operating subsidiaries.

The directors state that discussions with interested parties in an attempt to find a solution to the financial difficulties of British Luggage which prompted the directors' request for suspension of the business of Wood shares on December 23, discussions have already taken place.

WHESOE

The Rt. Hon. Lord Erroll of Hale, Chairman, made the following findings in his circulated review for the twelve months ended 27th September, 1975.

In his half year statement I warned that the Group's main Heavy Engineering Division was experiencing severe difficulties. These have persisted during the second half, resulting in a Group pre-tax loss of £1,295m for the year. Despite this very disappointing figure we feel that prospects for the current year are sufficiently good to justify recommending payment of a final net dividend of 1.625p per share, representing a total net distribution for the year of £146,756 (1974-75: £3,862.5p per share, £248,826 net).

The second half year's results have been seriously affected by further losses in Heavy Engineering, despite the marked increase in profitability of Alton and the Light Engineering Division.

Atton & Company have succeeded in overcoming the problems referred to in my half year statement. In the more settled conditions now prevailing abroad they have achieved a notable improvement in profitability in the second half, and continue to perform well.

Light Engineering has again set new records for sales and profit and continues to show excellent performance in the current year.

It is in Heavy Engineering that the Group's major problems have remained concentrated. Losses have continued on the few remaining fabrication and construction contracts taken on fixed prices during 1972 and 1973, and shortage of one or two classes of workpiece and generally poor productivity are still hampering operations.

We have experienced delays in negotiating any significant reduction of losses. There are, however, still grounds for hope that substantial relief will be forthcoming in the current financial year, which will also see the last of these contracts finally disposed of.

The pattern of recent order intake at Darlington suggests that we may have new problems to face of work shortage in some product areas. Work shortage is happily not a problem at either Stockton or our Dock Point Offshore facility at Middlesbrough. Stockton was again unprofitable during the past year because of continued low output arising mainly from persistent shortage of qualified welders, but has good prospects of maintaining or improving the level of activity.

Dock Point too has had an unprofitable year but now appears well placed to make a substantial if delayed contribution to Group profit.

The continuing absence of profitability within Heavy Engineering has caused a continuing high level of short term borrowings and interest charges in the Group. The facilities afforded by our bankers are, however, proving adequate.

The lower level of Heavy Engineering activity, that we foresee in the U.K., coupled with gradually improving performance and internal cash generation, should result in a reduction of borrowing and of interest charges.

In the area of Nuclear Engineering, Heavy Engineering's continuing involvement in preliminary Design and Development contracts for the S.G.H.W.R. makes us hopeful of a share in manufacturing work when this comes to be placed. By the Autumn we should have seen the beginning of a major new build up of nuclear fabrication work extending several years into the future.

At Group level, with Heavy Engineering augmenting rather than diluting the profits of Alton and Light Engineering, I expect this year to show a return to profit.

Head Office-Whesoe Ltd., Darlington

HIGHLIGHTS

Stock Conversion's interim figures have held up quite well and the company has increased its forecast for the year. Lex discusses these figures along with the property sector in general. Also covered in the column is the Dentsply decision not to go ahead with the bid for AD International following problems over financing. Elsewhere Brown and Tawse's interim figures are fairly encouraging given the state of the steel industry while, as expected, Howden Group, has seen a slowdown in its growth rate after six months. McCorquodale has turned in a 22 per cent. profit gain but the signs are that there will be some earnings dilution this year.

Brown and Tawse midway fall

A REDUCTION of £106,000 to £915,000 in profits for the half ended September 30, 1977, is announced by Brown and Tawse, steel and tube stockholders and engineers.

The directors hope that a purchaser will emerge with sufficient financial resources to inject necessary capital into British Luggage to ensure continuation of its business activities.

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FOR THE year ending April 30, 1978, the Howden Group of engineers is expecting profits to continue in line with the £3.9m. of 1977-78.

In the first half, profits showed little change at £1.6m., against £1.55m. The traditional pattern of better second-half figures is expected to continue.

Chairman Mr. Norman Elliott says the group's market is increasingly an overseas one and the group is more buoyant abroad than in Britain. Howden, which specialises in the design and manufacture of air, sea and land handling equipment, is well placed to participate profitably in the economic revival envisaged outside Britain in the short term, and in this country in the longer term.

Sir Norman says the recent management changes and reorganisation are now successfully established and the group is in a sound position for the foreseeable future.

As expected at the end of last year, Howden's growth rate has eased off in 1977-78 with first-half profits up only 5 per cent, before tax. South Africa has continued the strong recovery embarked on in 1974-75 but the U.K. growth rate has slowed down while the Canadian contribution has moved sharply into reverse, as reflected by the £24,000 drop in minority interests. Contract delays were apparently the main cause of this downturn, as these are now being brought up to date, the second half is expected to see some improvement from Canada. That should allow Howden to produce a reasonable improvement in full-year trading profits, but given that interest charges are likely to be substantially higher by 31st year-end, following the recent raising of the borrowing limits (total debt is now roughly £11m, against £5.3m. in the last balance sheet), the pre-tax level will probably be unchanged. A historic yield of 7.3 per cent at 85p is slightly above the sector average.

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veritable stockholders of the company at meetings to be held on

J. H. Fenner looks to overseas side

The short term outlook must still be regarded with caution and the continued expansion of J. H. Fenner's overseas business will be of major importance over the next 12 months, chairman Mr. Palmer told yesterday's annual meeting.

So far, the current year had provided little evidence of any substantial improvement in the general economic climate, but indications that order levels had stabilised in many areas have been confirmed and orders were currently running slightly ahead of the 1974-75 average.

Although invoiced turnover for the first quarter of 1977-78 exceeded that of year ago, narrower trading margins produced results from home companies which, while satisfactory, fell short of last year's record performance, drawn from overseas sources, however, had so far shown some compensating advance although certain territories were still contributing at the levels anticipated.

Mr. Palmer did not think that the group could look for much benefit from new investment and retention in the U.K. industry until late in 1978.

Pict plans £1m. spending this year

Revenue surplus of Pict Petroleum fell from £109,738 to £4,794 in the year ended October 31, 1977, after tax of £47,788 (£110,000). After a net (£73,424) provision against unquoted investments, the company was left with a deficit of £1,343,385 compared with £340,134.

There is again no dividend. The company was formed in 1971 by Noble Grossart to give Scottish institutions a spread of risk in North Sea oil and gas exploration.

Pict expects to spend around £1m. in 1978 largely in financing the expansion of its oil and gas programme. It has direct participations in 14 North Sea blocks and investment interests in a further five. All exploration expenditure is written off against revenue.

Pict has identified two principal areas of interest which could contain commercial potential. One is part of Shetland with the Total Group in blocks 3-1 and 3-2 and the other is in block 13-21 with Monmouth and Deminor.

In addition, Pict's gas discovery in block 3-10 has a possible commercial potential.

BOWRING OFFER ACCEPTANCES

C. T. Bowring and Co. announces that the offer of £1.50 per share for the whole of its outstanding 3 per cent. Convertible Unsecured Loan stock 1981 for a new 10 per cent. Convertible Unsecured Loan stock 1987, has been accepted in respect of £17,555,000 nominal of the existing stock, equivalent to approximately 70.2 per cent. of the outstanding existing stock.

The offer is now declared unconditional as to acceptances, subject to the passing, at a meeting of the holders of the existing stock on January 8, 1978, of an extraordinary resolution to sanction any modification of the rights involved in the exchange; the passing, at an extraordinary meeting of the holders of the same stock on January 8, 1978, of an ordinary resolution to approve the exchange; and the new stock to be issued pursuant to the offer being admitted by

the Council of the Stock Exchange to the official list.

The offer will remain open.

Dealings in the new stock will commence on January 13, 1978, for deferred settlement on February 6, 1978.

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Mr. L. M. Ratner, chairman of Ratners (Jewellers).

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total last year
Brown and Tawse	0.54	Feb. 20	0.75	1.29
Butterfield-Harvey	0.58	Feb. 20	0.75	1.33
McCorquodale	8.75p	April 1	7.1	12.75
Norfolk Capital Group	0.2	March 12	0.2	0.2
Ratners (Jewellers)	0.58	Feb. 28	0.51	1.09
Tobacco Secs. Ord.	1.30	Feb. 28	38	40
Tobacco Secs. Defd.	0.45	March 31	0.83	1.28
Stock Conversion	0.55	March 31	0.53	1.08
U.U. Textiles	0.33m	March 31	0.33	0.33

Dividends shown per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On account increased by rights and/or acquisition issues.

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GERMAN CARTEL OFFICE SEEKS TO FOSTER COMPETITION

In defence of small traders

BY A. H. HERMANN

NECKERMANN, the large but is characteristic of the German department store and political aspects of the issue. It is designed to establish a plan of celebrating its anniversary by a 10 per cent mark down on all its retail prices. But it did not want to bear the cost of the celebration alone. All its suppliers were asked to take part in the price-cutting exercise, and by granting Neckermann an extra 5 per cent discount. That displeased the Federal Cartel Office, somewhat surprised

strengthen the grip of the petition law on abuses of market power by dominant buyers were spelled out by Herr Wolfgang Kartte, Head of the Competition and Price Policy Branch of the Federal Ministry of Economics. Referring to suppliers who use as many as 10 different price lists and 18 different discounts for different classes of customer, Herr Kartte spoke of the need to establish the principle of



DR. Hans Friderichs: Strict control over abuse of power.

Unless something very dramatic happens to the power structure of West Germany, attempts at the deconcentration of the biggest companies will be as unsuccessful as they were in the U.S.

ingly, as it has only recently obtained court approval for taking anti-inflation policy into account when considering the public interest aspect of restrictive practices. Though it has itself made a number of controversial price-cutting orders, the Cartel Office condemned Neckermann's initiative. It argued that by asking for an extra discount, Neckermann was abusing its dominant position of bulk buyer to gain an unfair advantage over its competitors.

Who are these competitors in need of protection? Not the other big stores, which presumably can look after their own interests, but the small and medium-sized traders, members of the *Mittelstand*, the German artisan and petty traders. Though their economic power is small their voting power is considerable. The *Mittelstand* has been assiduously courted by German politicians. It is against this background that one has to consider the plethora of proposals promising aid to the small, and threatening to break up the big and to curb their conspiracies. These proposals range from toothless generalities to a revision of the 1973 Competition Act and demands that the Cartel Office should be given powers to break up the large chemical groups and the big banks.

A special statute proposed by the Christian Democratic opposition under the title *Bundes-mittelstandserhaltungsgesetz* belongs to the toothless category, when canvassing for votes and vague enough not to bind a government to do anything in particular. Dr. Hans Friderichs, the Federal Minister of Economy, a Free Democrat, recently reassured shopkeepers that, though protecting fair competition, Bonn will not let them be pushed out of the market by predatory competition. He criticised suppliers who discriminate against small distributors by granting unwarranted advantages to department and chain stores and sounded a warning that the Government will continue to adapt competition law to new needs, particularly the need to exercise stricter control over large organisations abusing their power in the markets.

Dr. Friderichs was answering complaints that the small and medium-sized shopkeepers often have to buy at prices at which the large multiple store could already be selling with profit. In Germany where the concentration of retailing has not progressed as far as in Britain, there is some alarm because the market share of the independent shopkeepers fell from 84.1 per cent. in 1968 to 74.5 per cent. in 1974. In the same time the share of the multiple food stores increased from 4.3 to 5.1 per cent. of departmental stores from 7.9 to 9.2 per cent. and of self-service supermarkets from 3.8 to 10.2 per cent.

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everyone in business needs the
Financial Times

HOME NEWS

Consumer Credit: licensing

BY MICHAEL BLANDEN

THE LICENSING system laid down by the Consumer Credit Act 1974 is an extremely wide-ranging piece of legislation. It will affect virtually every kind of business involved in the granting of consumer credit, bringing in for example solicitors, accountants and other financial advisers, estate agents, motor dealers and High Street shops as well as banks, finance houses and other lenders.

Once the regulations, set out yesterday by Mr. John Methven, Director General of Fair Trading, come into force, it will be a criminal offence subject to the penalties laid down in the Act for businesses which should be licensed to trade without a licence. Furthermore, loan agreements entered into by unlicensed businesses will not be enforceable at law.

It is thought that the new provisions could require the issue of some 100,000 licences, one of the largest operations of its kind in peacetime. The Office of Fair Trading emphasises the importance of ensuring that those affected should understand the implications. To achieve this end, it is starting its first-ever national advertising campaign, backed up by a free booklet: "Do you need a Licence?" which is being sent out to solicitors, accountants and other affected organisations.

Conditions

The Act, designed to remove unfair practices from consumer credit businesses, is being administered by the Office of Fair Trading under the Department of Prices and Consumer Protection. The Director General of Fair Trading is responsible for issuing licences, but is helped in administering the Act by the local Trading Standards Officers—known also as Consumer Protection or Weights and Measures Officers.

Licences will not be granted automatically to applicants. They will have to satisfy the Director General that they are "fit" to carry out a business in consumer credit. In the terms of the Act, the Director General will take into account among other things whether an applicant has committed any offence involving fraud or other dishonesty, practised discrimination on grounds of sex, colour, race or ethnic or national origins, or contravened other provisions of the Act or other relevant enactments.

In a broad provision, he will also consider whether the applicant has "engaged in business practices appearing to the Director General to be deceitful or oppressive, or otherwise unfair or improper (whether unlawful or not)".

The licences to be issued under these wide powers are broken down into six categories: (1)

Consumer credit business, (2) Consumer hire business, (3) Credit brokerage, (4) Debt adjustment and debt counselling, (5) Debt collecting, and (6) Credit reference agencies. The Act is concerned with

covers businesses which, though not offering credit or hire themselves, may arrange it with other people for customers or clients. A business will be regarded as a credit broker if it makes any introductions to virtually any

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BOOKS

Scottish connection

BY C. P. SNOW

A Presumption of Innocence: The Amazing Case of Patrick Meehan by Ludovic Kennedy. Gollancz. £3.75. 240 pages.

This is an account, written with much narrative skill and barely concealed passion, of the case of Patrick Meehan. Meehan has been a professional criminal since his boyhood, usually as an expert safe-breaker. In his last years of liberty he was consorting, apparently as his nearest approach to a friend, with another professional criminal, an Englishman, called James Griffiths. Up to July 5, 1969, Meehan had no crime of violence on his record. Griffiths, who was clearly a psychopath, had a good many.

On that critical night, the two of them, according to Meehan's own story, which Mr. Kennedy has investigated and now totally accepts, drove, as usual in a car stolen by Griffiths, along the Glasgow-Stranraer road to prospect another safe-breaking job for Meehan. On the same night, another couple of criminals, one Waddell and another Griffiths, were near Glasgow on the same road. One of those two pairs broke into the house of an elderly couple, left them tied up so that the wife in due course died, and stole some thousands of pounds.

Meehan and Griffiths were well known to the police, and some circumstantial evidence pointed to them. The police were convinced that they were guilty. Griffiths went into hiding, was trapped, tried to shoot his way out, and was killed in the struggle. Meehan was arrested, tried for murder, convicted, and sentenced to life imprisonment. He is now serving that sentence. He has pleaded his innocence ever since, and has convinced all his lawyers (he has obsessively changed them). Mr. Kennedy, and a good many other observers of sober judgment, demands for a review of the case have regularly gone to successive Secretaries of State for Scotland, and have as regularly been turned

down. Waddell, after serving a term for perjury himself at Meehan's trial, has confessed to the burglary and homicide in considerable detail. Mr. Kennedy is exerting his energies for someone he is sure is an innocent man, and also—as a lesser but strong patriotic motive—for the good name of Scots law and the legal system. If Mr. Kennedy is right, there is an ugly revelation to come. There is no escaping the fact that, granted Meehan's and Waddell's stories are true, the police manufactured evidence against Meehan.

Is Mr. Kennedy right? What would an advocate diabolus say? First, Mr. Kennedy's sense of outrage sometimes leads him to overstate his argument. He makes a good deal of the comparatively pacific nature of Meehan's criminal career. He had never lifted a finger in anger, apparently in any other state. Nor, however, so far as we know, had Waddell. The only violent criminal among these specially accomplished Glasgow professionals was Griffiths.

Further, Mr. Kennedy and many others are deeply impressed by Meehan's constant



Patrick Meehan: wrongly convicted?

Nevertheless, at the end of the book I found that I was coming down on Mr. Kennedy's side. For two simple reasons, and in such a whirl of evidence it is a help to find something simple to hold on to. People like Waddell have frequently confessed to crimes they never committed; but his confessions (there were several) are packed with factual references and show a remarkably accurate knowledge of the house where the crime took place. It is difficult to imagine how he could have picked up that knowledge, except by being there.

The other reason is even simpler. As a rule, what in the trade are called pre-publication quotes are merely tiresome. It is an American practice which ought not to be encouraged. Just for once, though, this book carries such a statement, which will be to many of us, and to almost any lawyer in the world, unignorable. It is from Lord Devlin. There is no fairer mind alive. He says, "I know nothing about the case of Patrick Meehan, except what I have read in this book. But it is a very disturbing book. It needs to be answered, one way or another, if confidence in the processes of justice is to be maintained."

After that, it is impossible to pretend that there is not a case to answer.

Social misfits

BY CHRISTOPHER JOHNSON

Sex and Society by Martin Seymour-Smith. Hodder and Stoughton. £7.95. 494 pages.

Prostitution by Jeremy Sandford. Secker and Warburg. £4.50. 228 pages.

Books about sex have one thing in common with sex itself: the removal of prohibitions takes away a good deal of the excitement. In a remote but still quite recent past both these books would have lacked a respectable publisher for fear of prosecution. Now the four-letter words and anatomical details seem quite matter-of-fact and unremarkable. To-day a book about sex has to justify itself if it is to survive the double test of plentiful competition and judicious reading appetite. Pornography will always continue to play a role, and so will the do-it-yourself (or at least read-about-it-yourself) manual. These two categories apart, how much does the lecturer *moxy* *sexual* actually want to read by more or less learned authorities about the frightful problems which sex—and just at present particularly the female sex—is causing for societies or individuals?

Jeremy Sandford's book is all that we have come to expect of the author of *Cathy Come Home* and *Cypriote*. He has made a specialty of studying society's misfits, reporting them with compassion, and setting out to reform them without moralising. His interviews with prostitutes are good reading, but he never plays them for cheap sensation. Sir Robert Mark should look at his reform proposals carefully. He suggests a licensing system mainly to protect prostitutes against exploitation by pimps, which he sees as the evil of the present; but he is bent on prostitution as a problem too. The prostitute's trade union, however, he advocates would, however, be a most delectable target for Communist infiltration aimed at the

soft underbelly of the British ruling classes. Mr. Sandford claims "prostitution is a necessary social service, and as such is indestructible." Rather surprisingly, Mr. Seymour-Smith does not have a chapter on prostitution in his long and rambling compendium, which covers every conceivable aspect of sex and the sexes except the subject indicated by the title. The main question in my mind about sex and society is: "How do a society's sexual habits influence and interact with the rest of its behaviour and objectives?" He touches on this theme almost by accident in the first chapter and in the last, but deals with it quite inadequately.

In *Religion and the Rise of Capitalism*, R. H. Tawney pointed out the connection between the Puritan ethic and economic growth. Samuel Brittan, in *Capitalism and the Permissive Society*, asks whether the process may not be put into reverse when he says that "the emphasis on institutional gratification has been associated with a revolt against rational thinking." Mr. Seymour-Smith sensibly remarks eight pages from the end that "there is not necessarily any connection between sexual confidence and social energy," but he has left himself no space to develop the argument.

Sex and Society is really a

book about books about sex. The author is a literary critic. He is a widely read, and he extracts judiciously and comments perceptively on his reading. The parts of his book are better than the whole, because there is no connecting theme.

certainly not the one of the title. The order of the chapters is almost random. He starts with the Victorians, goes on to Freud. Then comes the Old Feminism of the Suffragettes, but only five chapters later do we progress to Women's Lib and the New Feminism. There is something on birth control, a summary of the Kinsey Report, and its successors, an excursion into the biology of men and women, and then a rather interesting essay on incest.

After Women's Lib, we find chapters on the sexual feelings of women and men, and then on homosexuality and heterosexuality (the latter a short and unsatisfactory treatment). Finally, there is a discussion on pornography, in which Mr. David Holbrook is broken in on the pages of a wheel through a dozen pages of fine literary invective. It is as if Mr. Seymour-Smith sees the main sexual issue of our time as being about what people should be about, rather than what they should do.

After Women's Lib, we find

North of Fonthill

BY H. A. N. BROCKMAN

The Gothic Revival by James Macaulay. Blackie and Son. £20. 460 pages.

"It is surprising," say the publishers, "that there has been no major review of the Gothic Revival for over half a century. Surprising it may be, but the subject is a handsome contribution although confined by two limitations: Scotland, combined with the north of England, and even more restricting, the years 1745-1845."

Nevertheless, James Macaulay the author has opened up a new aspect of this great and almost wholly British chapter in artistic development; the depth of his treatment, which now concerns the Scottish contribution, is extremely illuminating. The relatively unknown profusion of Gothic Revival buildings in the north is evidence, after having read this book, of the elite vigour of all past writers on this subject who have hardly touched the great mine of architecture of this period in the northern half of the British Isles. The neglect was largely caused by the fact that the Gothic Revival, which meant nothing more than the pretentiousness of Balmoral allied with the sentimentalising visions of Stags at bay. And yet, as the author convincingly recounts and analyses, Invercauld Castle of 1745 (so recently severely damaged by fire) was "the first large Gothic Revival building in Britain, and probably in Europe."

It was an opportunity, writes James Macaulay of this surge of aristocratic building, "which was gladly and vigorously seized especially in Scotland where the final establishment of peace after the middle of the eighteenth century meant that for the first time it was safe for Scottish lairds and Highland chiefs to quit their towers and houses and equip their families with abodes which it was now felt their splendid ancestors warranted."

And so with a convincing and detailed analysis, with much new material, of some 50 of these

interesting buildings, with references to many more, including profuse illustrations, Mr. Macaulay makes a major contribution to his subject. Yet was this 'survival' or 'revival' in the north an increasing absence of any need for practical fortification left a tradition of battlement, battlements and machicolation; the case for survival. It was in the south that the Gothic Revival this time was more clearly justified, being an intellectual exercise so largely based on the past glories of ecclesiastical architecture and the literature of chivalry rather than the stern realities of castle building. As James Macaulay admits, "it was at Fonthill that the potential of Gothic was first fully realised."

It is a fault with this fine production that the list of illustrations is not alphabetical or alternatively that the index does not give plate numbers. There are, however, ample references, an extensive bibliography and chronological appendices of works and their architects.

Crimes BY WILLIAM WEAVER

Murder by the Mile by Martin Russell. Collins. £2.75. 188 pages.

Mr. Russell's agreeable, low profile hero, reporter Jim Larkin, is up in the highlands this time. The assignment seems tame enough: a story on a new road being cut through a glen, in order to make access to offshore oil easier. But the glen is unspoiled country, and the local conservationists are determined to keep it that way. First, there is a series of unfortunate accidents, causing delays on the job. Then there is murder. Are the conservationists responsible? Or are the heartless business interests involved? Jim Larkin fails to save the glen from being bulldozed into the twentieth century. He manages to save his suspended disbelief willingly.



This carving of a seated Buddha is reproduced in 'The Heritage of The Sculpture' by Jean Bodley (Weidenfeld Books: £3.00, distributed in the U.K. by Phaidon Press).

Monetary madness

BY W. L. LUETKENS

When Money Dies by Adam Ferguson. William Kimber. £3.25. 256 pages.

The book is not always on the same foot in October 1923 the British embassy in Berlin recorded that the number of Marks to the pound equalled the number of yards to the sun. It was an erudite man's landmark on the route of disaster from an exchange rate of 20 Marks to the pound in 1918 to 43 in December 1922 when the war was over, 1,300 in May 1922, and 34,000 in November 1922. Then the Mark plunged from the realm of arithmetic into that of fantasy: the rate was 320,000 in May 1923, 800,000 on July 7, 18m. on August 7. Before the Mark was stabilised in November, a pound was worth 18,000m. (that is 18m. million) Marks. Though one wonders whether that figure had any meaning at all.

Well-known though it is, the points are the story still strains credulity. Mr. Ferguson draws upon contemporary sources, in particular British diplomatic dispatches, to give a detailed account of events. He covers not only the German inflation, but also that in Austria and Hungary, the other big losers of 1914-18. The result is a blend of history and anecdote that still leaves the reader wondering how such madness was possible, and

how ordinary people, with their touching faith in money, survived the cataclysm.

Mr. Ferguson sees the inflation as the result of a complicated interaction of causes: the financing of the war by credit, the hopeless attempt to resist the French occupation of the Ruhr, a determination to avoid unemployment at all costs, sheer speculative greed (or cleverness) among the less respectable elements in business. Add to that the stability of the head of the Reichsbank, Dr. Rudolf Havenstein, to see a connection between inflation and the frenzied output of his bank note presses, and you have a recipe for financial catastrophe.

But will it explain the sheer lunacy at the end of which 1m. million Marks were exchanged into one new Mark, said (wrongly) to be as good as one pre-war Goldmark? Will it explain why a state that was printing money as fast as it could could not find a way to get servants in good potatoes because it was out of bad bank notes?

One cannot help feeling that irrational forces were at work and so it is hardly surprising that the cure, when it came, was carried out with something that Mr. Ferguson rightly describes as a confidence trick. The pretence that the new money was backed by German landed wealth

was both empty and effective. Mr. Ferguson devotes a substantial part of his tale to the painful deflation that followed. It caused high unemployment and a multitude of bankruptcies. Moral standards were not really restored, either in business or in politics. There was no happy end: the next economic crisis pushed Germany into Hitler's hands.

It is wise of Mr. Ferguson to have eschewed the temptation to look for parallels with our times. But his book suffers from his failure to provide an economist's story: one would like to know much more about trade union bargaining, the germinal attempts at indexing, and the working out of a system of exchange control. Besides, the book is marred by occasional linguistic problems: the attempt (p.203) to distinguish "legal tender" and "legal means of payment" is vain, since the latter is a literal translation of the German term for the former.

At the end one is left with utter disbelief that people could return to normality from such a monetary madness. Yet after passing through a similar post-war disaster in 1945-49, the Germans went on to become exemplary savers of yet another edition of the Mark. The speculators and the Hitlerers have vanished. A happy end after all!

When it all began

BY CHRISTOPHER TUGENDHAT

The Road to 1945 by Paul Addison. Jonathan Cape. £6.50. 334 pages.

Here is an excellent account of the politics of the war years. Although Labour's massive victory in 1945 took most politicians and commentators by surprise, the author shows that they should have been prepared for it. There was plenty of evidence available, both to the Government and to those interested in politics, of the way people were thinking, and how they intended to vote. But Churchill's domination of the scene, and the memory of Lloyd George's post-First World War victory was so fresh, that it was overlooked. Some shrewd observers on the left, realised at the height of the war that political attitudes had changed fundamentally to the advantage of the Labour leaders, but not, although some of them became more optimistic during the final campaign.

Dr. Addison has devoted a good deal of study to the Home Office, and in 1942 he was in the Ministry of Information, and to the opinion polls carried out by private organisations. The Home Intelligence reports show that the sort of issues worrying people, and their response to them, favoured Labour throughout the period. As the postal censor put it in January 1941: "They are looking forward confidently to a post-war levelling of social distinctions and a redistribution of wealth."

In the spring of 1942 Mass Observation asked people who they thought would win the post-war election, and a large majority said Labour. The same organisation also found that in the immediate aftermath of Alamein a majority of those polled thought it would be a bad thing for Churchill to be the post-war Prime Minister, despite his popularity as the war

leader. From the summer of 1943 the Gallup polls put the Conservative Party, there after people became inspired with the idea that if the nation could work together in war on the basis of fair shares all round, and state control of the economy it might be best in peace time as well. Only a few doddle-doddles wondered where the money would come from to build the New Jerusalem, and suggested that it ought to be earned before it was spent. In the mood of the period nobody thought them worth bothering about.

With his radical approach as a novelist to those two explosive subjects, ereticism and Jews, Philip Roth's career has been a constant struggle, a deal of hostility from interested parties. In this collection of interviews, articles, prefaces, lectures over the past 15 years he defuses most of what has been thrown at him wittily and courageously.

A.C.

HISTORY TODAY

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SPECIMEN COPY ON REQUEST

Kipling still

BY ROBIN LANE FOX

Rudyard Kipling by Kingsley Amis. Thames and Hudson. £3.50. 128 pages.

Kipling's Law by Shamsul Islam. Macmillan. £7.95. 174 pages.

Kipling has yet to attract the critical book which was the vast and baffling range of his work into a clear perspective. Kingsley Amis's essay, *Like Kafka*, in Mr. Amis's essay, *Like Kafka*, Kipling was saturated in the Bible, especially the Old Testament; he was also an admirer of Muslim tradition, and Dr. Amis's essay bounces along cheerfully and distinguishes between the best Kipling stories (*Kim*, *The House Surgeon*, *Plain Tales from the Hills*) and the over-praised ones (*"Dayspring Mishandled"* with its silly tale of academic forgery, anything which mentions Freemasonry). He has found some good photographs, one of the Mail at Simla, another of Kipling receiving an honorary degree at Oxford. He writes less well and leaves the impression of an interesting broadsheet, not a reliable book. The differences are not fashionable, but it exists.

Shamsul Islam is Chairman of the English department at Panjab University, Lahore. He tends to repeat himself, and his analysis, as he admits is centred on a vague concept of Law, vaguely defined. But among several views, which I would

doubt and others which are rather commonplace, he passes on a fine enthusiasm for his author. He makes some of the basic points about Kipling's writing which are not prominent in Mr. Amis's essay. Like Kafka, Kipling was saturated in the Bible, especially the Old Testament; he was also an admirer of Muslim tradition, and Dr. Amis's essay bounces along cheerfully and distinguishes between the best Kipling stories (*Kim*, *The House Surgeon*, *Plain Tales from the Hills*) and the over-praised ones (*"Dayspring Mishandled"* with its silly tale of academic forgery, anything which mentions Freemasonry). He has found some good photographs, one of the Mail at Simla, another of Kipling receiving an honorary degree at Oxford. He writes less well and leaves the impression of an interesting broadsheet, not a reliable book. The differences are not fashionable, but it exists.

Dr. Amis tries to connect this with a lower estimate of Hinduism, though he does not mention that at least four of his best stories are Hindu quotations. These are important perspectives, not often applied, even if Dr. Amis is not always accurate. Tracing Kipling's ideal of Law to his Christian background, he re-affirms the concept of Law, which always upheld the conception of law and rejected the doctrine that the moral agent who has attained to maturity has no need of external ordinances. He should begin with St. Paul and read forwards.

Kingsley Amis implies that the children's stories, being meant for children, are best judged by Indians who "understand India." For an appreciation of the *Just So Stories*, it is more helpful to turn to Dr. Amis. His most challenging chapter suggests that these stories, the work of an adult, are also a psychological allegory, that they speak up for Kipling's ideal of obedience to a universal Law and that Mowgli progresses from passion to mature harmony. The case is over-stated, but it deserves a hearing.

As for "understanding India," the effect of Kipling's inaccuracies elsewhere should make the critics hesitate. Dr. Amis comments on Kipling's forceful descriptions of modern technology and links these with Kipling's favour for work and men of action. Yet Mr. Amis, not equally fairly, the false details in such descriptions, instantiating the account of an American railway engine. More importantly, there are the massive errors of historical fact in stories which have a deliberate historical setting. To Dr. Amis's examples, I would add *"The Church That Was At Antioch"*, a story which makes St. Peter, incredibly, the contemporary of Constantine, but remains a powerful unit. The later Kipling stories seem to me to push this falsity too far: son, David Watt.

U.K. ECONOMIC INDICATORS

		1975	Dec.	Nov.	Oct.	Dev.
General						
Unfilled vacancies	'000s	103.1	113.7	131.9	n.	
Unemployed	'000s	1,811.4	1,668.4	1,665.3	n.	
Wages rates	£/hr. = 100	153.1	153.5	154.8	153.	
Currency reserves	£bn.	3,429	3,408	3,402	6.17	
Bank advances	£bn.	13,731	14,679	14,132	n.	
Manuf. Prods. d.	1970=100	106.6	107.0	104.9	104.	
Basic materials d.	1970=100	135.8	134.1	143.2	253.	
Terms of trade	1970=100	81.2	81.5	82.5	113.	
Retail prices	Jan. 74=100	144.2	142.2	140.5	113.	
HP debt	£m.	2,261	2,257	2,247	2,226	
Retail sales val.†	1970=100	179.8	179.3	175.8	156.	
Indust. output**	1970=100	101.2	100.3	98.8	107.	

		1975	Dec.	Nov.	Oct.	Dev.
Trade and Industry						
Cars	'000s	115	115	107.3	113	

		1975	Nov.	Oct.	Nov.	Nov.
Trade and Industry						
Imports f.o.b.	£bn.	1,927	1,952	1,910	1,891	
Exports f.o.b.	£bn.	1,536	1,738	1,816	1,591	
Visible trade balance	£bn.	-0.281	-0.224	-0.237	-0.600	
Comm. vehicles*	'000s	28.2	29.5	32.0	38.	
Steel (weekly average)	'000 tonnes	402.0	403.0	389.8	431.	

		Oct.	Sept.	Oct.	Oct.
Man-made fibres	m. kgs.	55.11	46.33	46.71	50.7
Houses completed	'000s	29.0	28.3	25.4	28.4
Bricks	millions	483	453	419	50
Cement (weekly average)†	'000 tonnes	330	331	331	331
TV sets†	'000s	250	237	210	311
Radio, gramophone†	'000s	423	372	384	381
Furniture†	1970=100	150	150	133	127
Petroleum	m. tonnes	7.06	5.96	6.38	8.58

		1970=100	Sept.	Aug.	Sept.	Sept.
Railways*						
Raw cotton (weekly av.)	'000s metric tonnes	1.72	2.28	2.04	2.17	
Elec. cookers†	'000s	34.6	39.0	36.1	73.4	
Wash. machs.†	'000s	84.3	51.2	63.2	94.6	
Engng. orders on hand†	1970=100	106	109	115	135	

		Aug.	July	Jan.	Aug.
Raw wool	m. kilos	7.0	9.0	9.1	7.7
Machine tools†	£m.	21.2	22.0	23.6	17.6

		3rd qtr.	2nd qtr.	1st qtr.	1st qtr.
Motor trade turnover	1972=100	151	145	144	126
Consumer spending	1970 values	8,840	8,913	26,041	8,925

* Production. † Deliveries. ‡ Net sales. § Consumption. ** Seasonally adjusted. †† All manufacturing industries. ‡‡ Excluding car. §§ Deliveries. U.K. made and imported sets. ¶ From May onwards new basis for calculation refers to advances to U.K. and private sector. Historical figures on new basis not available. ††† Including cooker, griller, toaster. § Value of United Kingdom not seasonally adjusted.

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Remuneration will be attractive, and geared to experience and expected performance. There is a liberal benefit package.

Please send detailed curriculum vitae in complete confidence to G. Hoffman, Managing Director, London & Continental Bankers Ltd., 2 Throgmorton Avenue, London, EC2N 2AP.

SENIOR BANKER

A Private Bank in the City are seeking an experienced Banker of Managerial status. The applicant should be well versed in all areas of Banking with particular emphasis on Corporate Credit Analysis. Fast record of personal achievement in the field of procuring new business will be to your advantage. Must be prepared to travel. Preferred age 30/45. Initial salary will be based on age and experience. Usual staff banking privileges.

Please apply in writing to:

Box K642, Walter Judd Limited,
(Incorporated Practitioners in Advertising)
1a, Bow Lane, London, EC4M 9EJ.

INVESTMENT MANAGER

Young portfolio manager with several years' experience in Merchant Bank, Insurance Company, Pension Fund or similar institution required for small, very professional, management company handling institutional and private client portfolios. Knowledge of fixed interest and equity markets required. University Degree or accountancy or legal qualification desirable. Competitive salary and excellent prospects.

Please write with full c.v. to Box E.7149, Financial Times,
10, Cannon Street, EC4A 3DY.

N. M. Rothschild & Sons Limited Vacancy

in Valuations

We need someone with a thorough knowledge of the Stock Market and Exchange Control to assist in the production of Valuations for Client Portfolios through the medium of a Real-Time computer system. Apply in writing giving full details to:

The Staff Manager,
N. M. Rothschild & Sons Limited,
Rothschild House,
Whitgift Centre,
Croydon CR9 3PX

ACCOUNT ADMINISTRATOR American Brokerage House

up to £30

Age 19-24

An outstanding opportunity for a numerate person to join administrative team in a leading U.S. Brokerage House. Expert gained in banking, stockbroking or life insurance and some knowledge of bookkeeping would be useful.

Please apply:

Timothy Hoare,
7, Wine Office Court,
London EC4A 3BY.
Tel: 01-353 1858

Caree plan

Buckmaster & Moore

require a

SENIOR GILT EDGE SETTLEMENT CLERK

Salary negotiable, excellent conditions.

Telephone

ALISON WAGGITT 01-588 1156

01-588 1156

GENERAL APPOINTMENTS

Graduate to Executive in International Banking

Chase Manhattan, a leading world bank with over 2,600 locations, has established an impressive growth record in the U.K., providing a comprehensive financial service to corporations, organisations and individuals.

This significant expansion has created a number of opportunities for exceptional young graduates with at least one year's banking experience, or an accountancy qualification, to undergo comprehensive theoretical and practical training in the management of a diversified international financial institution. After about two years' training you will be appointed a leading officer, the first step to realising full executive potential through varied managerial positions within this progressive organisation.

You will be based at U.K. headquarters in the City. An attractive starting salary will be negotiated in line with present experience and qualifications. These are key positions and carry commensurate salaries together with a full range of executive benefits.

Please write enclosing full details of your qualifications and career to date to: Robert Timms, Personnel Manager, Chase Manhattan Bank N.A., Woolgate House, Coleman Street, London, E.C.2.

CHASE

COURTIS AREERS CONSULTANCY FOR EXECUTIVES

Over £5,000?
Under £12,000?
Over £27?
Under £55?

JOB HUNTING?

If you are at all these we are 90% certain we can help you.
Don't waste time. And out with your CV. Telephone 01-839 2272. Or write to: COURTIS AREERS CONSULTANCY, 11, Cannon Street, London EC4A 3DF.

STOCKBROKERS

Stockbrokers in the process of Expanding Private client portfolio management are interested in acquiring Members with a view to integrating their existing business with the private clients department. Details to Box E7/114, Financial Times, 10, Cannon Street, EC4A 4BY.

Editor for Campaign

We are looking for an experienced journalist to edit Campaign, the leading weekly business paper for those working in advertising, marketing and the media.

The paper has a full-time staff of 15 journalists, most in their late twenties, and a substantial weekly budget for use of outside contributors.

Since its launch in 1968 Campaign has acquired a considerable reputation for journalistic excellence. The new editor will be required to maintain this standard and to further develop the publication as essential weekly reading for all those involved in the communications business. Candidates for the job must

- ★ have a proven record of success in journalism, probably on a national newspaper or well known business magazine;
- ★ be strongly interested in advertising and marketing and business;
- ★ be capable of managing and directing a large team of young and able journalists.

The post is one of the most important editorial jobs at Haymarket—which publishes some 40 business and leisure magazines. A substantial salary will therefore be paid for the right person.

Please address your applications which will be treated in the strictest confidence to the publisher of Campaign, Graeme Andrews, at Haymarket Publishing Ltd., 54-62 Regent Street, London W1.

BANK SADERAT IRAN TEHRAN

The largest commercial bank in Iran has vacancies for postgraduates with a degree in Economics, Commerce or Business Management and Administration with a view to employment in Tehran or an Overseas Branch after an initial period of training at the London Office.

Fluency in written and spoken Farsi is essential. Applications, together with curriculum vitae, to be received not later than 15th January, should be addressed to:

The London Manager,
BANK SADERAT IRAN,
Plantation House,
Fenchurch Street,
London EC3M 3DX

CONTRACTS AND TENDERS

ALAN COMPANY FOR WOOD INDUSTRIES LTD. 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

Advertisement of invitation for Tenders for the construction of a new building for the use of the Wood Industries Ltd. The building is to be situated on a plot of land of approximately 10,000 sq. ft. and is to be a two-story building with a total floor area of approximately 20,000 sq. ft. The building is to be used for the storage of raw materials and finished goods. The tenders are to be submitted by 10.00 a.m. on 15th January 1976 to the Managing Director, Wood Industries Ltd., 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

Mr. A. L. Ainsworth, chief executive of the Wood Industries Ltd., has been appointed a director of the company. Mr. Ainsworth has been with the company since 1968 and has held various positions within the company, including sales manager and deputy chief engineer of the hydraulics division.

Mr. H. Bernard Gray has been appointed director of sales and marketing of CAM GEARS, a subsidiary of TRW Inc. of Cleveland, Ohio. Mr. Gray joined CAM in 1962 and has held various positions within the company, including sales manager and deputy chief engineer of the hydraulics division.

Mr. A. S. Legg has been appointed financial director of the DIRECT MAIL PRODUCERS ASSOCIATION, following the retirement of Mr. David St. Clair McBride.

Mr. John Webster, investment manager of SUN LIFE ASSURANCE SOCIETY, has been appointed to its Executive. The new appointment will involve responsibility for the Society's entire investment portfolio, including property and mortgages.

Mr. R. T. Raven, chairman of Birmetals Limited, part of the wrought and engineering products division of the BIRMINGHAM QUALCAST GROUP, has retired after more than 25 years in the aluminium industry. Mr. Raven joined Birmetals in 1929. In 1945 he was appointed works manager, became a director in 1955 and was managing director until succeeded recently by Mr. Colin Grez.

BRITAINS (GROUP MANAGEMENT) has been formed by Britalms Print Ltd., the holding company, to bring together various Group services. The Board of the new company is Mr. Stuart Mallinson, chairman and managing director (who is also group managing director, Britalms Ltd.), Mr. T. A. R. Wright (also a director of the parent company), Mr. D. S. Myatt, Mr. I. Torvell, Mr. A. H. L. Parry-Richards and Mr. E. S. Ball.

Mr. D. A. Bennett, secretary of COURTNEY POPE (HOLDINGS), has been appointed an additional director.

Sir Hugh Casson has been appointed a Trustee of the BRITISH MUSEUM (NATURAL HISTORY) in succession to Lord Boyd of Merion. Sir Hugh recently retired as Professor of Environmental Design at the Royal College of Art.

Mr. Richard Harrison has been appointed chief executive of the HARRISON GROUP. He has been a director of Harrison and Sons, the group's parent company, since 1968.

Mr. Peter Van de Pol has been appointed director of export credit facilities with INDUSTRIAL AND MERCANTILE CREDIT INSURANCE, a subsidiary of the Charterhouse Group.

Mr. Sheela Black has resigned from the Board of DEBENHAMS. Miss Black is joining the Board of Debenhams in a consultative capacity.

Mr. H. M. McKenzie has been appointed governor of the AUSTRALIAN AGRICULTURAL COMPANY in succession to Mr. D. A. James. Mr. McKenzie has held that post but who continues as a director. Mr. V. P. Fleming, Mr. P. E. Nesbitt and Mr. J. L. E. Smith have resigned from the Board but Mr. Nesbitt will act as alternate director to Mr. Jameson.

Mr. D. R. Mitchell has been elected president of the OVERSEAS MINING ASSOCIATION. Mr. D. T. Westlake has been elected to the Council of the Association.

Mr. Ian Seel has been appointed managing director of UAC INTERNATIONAL. Mr. Seel was previously commercial director of R. Paterson and Sons.

Mr. W. F. Gilbertson (deputy chairman) has retired from the Board of PENRAD GROUP. Mr. Gilbertson joined the Board in 1968 and has been appointed deputy chairman in 1974.

Mr. Derrick B. Rosser has taken up the appointment of director of the BRITISH ROAD PASSENGER TRANSPORT.

Mr. Michael J. D. Alderson and Mr. Robert G. Hill (J.R.S.) have been appointed to the Board of YORKSHIRE FINE WOOLLEN SPINNERS. Mr. Alderson is responsible for management of Alan Thornton and Sons and Walter Greenwood and Sons, the group's wool and knitwear divisions. Mr. Hill is a director of Alan Thornton and Sons and Walter Greenwood and Sons, the group's wool and knitwear divisions.

Mr. Geoffrey Horton has been appointed a director of Walter Greenwood and Sons. Mr. Horton was previously a quality controller with J. Hayward and Sons, part of the Tool Group.

Mr. Jonathan J. Harrison has been appointed financial director of TUBE INVESTMENTS' industrial electrical division.

Mr. Eric Argent, general manager and secretary, has been appointed a director of the HASTINGS AND TRAMET BUILDING SOCIETY.

Mr. A. C. W. Hunter, Mr. D. S. Middlethigh and Mr. R. J. Thorne have been appointed the first directors of MATHESON, GILL AND DUFFUS, a new tea trading company jointly owned by Matheson and Co. and Gill and Duffus Group.

The following have been appointed directors in the C. E. HEATH GROUP: Mr. D. S. Oram, C. E. Heath and Co. (Insurance Brokers); Mr. E. Carpenter and Mr. C. H. White, C. E. Heath and Co. (International); Mr. N. J. Chamberlain and Mr. D. C. Fort, C. E. Heath and Co. (North America); Mr. J. Burton, C. E. Heath and Co. (North American Reinsurance Brokers); Mr. R. Pratt, C. E. Heath and Co. (U.K.); Mr. R. J. A. Burton and Mr. A. W. Frost, C. E. Heath and Co. (Marine).

Mr. Alex Mitchell has been appointed managing director of HARMAR-LITEX, a subsidiary of the Crosby Valve and Engineering Company. Mr. Mitchell was previously general manager and a director.

Mr. G. B. Smeethurst has succeeded Mr. G. C. Burton as secretary of the LONDON AND PROVINCIAL POSTER GROUP. Mr. Burton remains a director of the company. Mr. C. N. Turner has resigned his directorship on retirement.

Mr. J. H. Vernon has been appointed a non-executive director of ASH AND LACY. Mr. Vernon is a partner in Shakespear and Vernon, solicitors to the company.

GENERAL MANAGER

PROVINCIAL TOWN

£10,000 +

Our client is a major multinational corporation with widely diversified activities and having operations based in the U.S. and several European countries. Currently it is building a manufacturing facility in Ireland to service established markets in this country, the United Kingdom and Europe and it now invites applications for the position of General Manager.

This is both a challenging and demanding position. The person appointed will be responsible for the effective management of the Irish company involving the allocation of resources of manpower, materials and finance by the use of control budgets and detailed programmes with the object of maximising the profits of the plant. In addition he will be required to formulate and implement corporate strategies for the expansion and profitable development of the company.

The requirement is for an executive with a University degree or professional qualification, preferably in the physical sciences or engineering, who can provide leadership and who possesses the ability to manage with the disciplines of modern management controls. The preferred age group is 33 to 45 years. The commencing salary is negotiable from £10,000 p.a. and the benefits will include a company car and a pension scheme.

Applications, in confidence, giving brief details of career and quoting reference number 29/1338/O should be addressed to P. Brett at Harcourt House, Harcourt Street, Dublin 2 before 22nd January, 1976.

Stokes Kennedy Crowley
MANAGEMENT CONSULTANTS
DUBLIN, BELFAST, CORK & LIMERICK

Securities Official

Branch Banking

Hill Samuel & Co. Limited, one of the country's leading Merchant Banks, is expanding its retail branch network by opening a banking hall in Bristol. The agent is on the highest standards of service; the staff must, therefore, be of outstanding calibre.

Applicants for this key position should be in the age group 22-30 and have gained a good training in all aspects of banking at branch level. The successful candidate, who will have completed at least Part I of the Institute Examinations, will be involved in all aspects of day to day operations but will be particularly responsible for maintaining control of the Securities Department.

Further training and encouragement will be given to increase the successful candidate's knowledge of banking, so that advantage may be taken of the excellent opportunities for promotion within this progressive organisation. An attractive salary will be offered together with excellent fringe benefits.

Please write, giving full career details to:—
Christopher Oakley,
Banking Hall Manager,
Hill Samuel & Co. Limited,
Bristol & West Building,
Broad Quay, Bristol BS1 4BX.

Investment Management

The newly formed Investment Management Department requires experienced Portfolio Managers. The major Pension Funds for the British Railways Board have a value in excess of £350m, coupled with a substantial cash flow, and two senior Portfolio Managers, with up to 10 years experience, are required to take control of a large equity portfolio and a separate fixed interest section.

Assistant Portfolio Managers, with up to 5 years relevant experience with a Stockbroker or Investment Department of a large institution, are also required.

Male or Female applicants should preferably have a degree or professional qualifications and be within the age limits of 28 - 40. The remuneration and fringe benefits for these appointments will be attractive and fully commensurate with the calibre of the selected candidates.

Please write, enclosing detailed curriculum vitae, to: Chief Management Development and Training Officer, British Railways Board, 222 Marylebone Road, London, NW1 8JL, quoting reference (I.M.1). Closing date for applications 23 January.

British Railways Board

Board Appointment

A well established private engineering company with institutional backing which manufactures production equipment, is determined to expand and diversify. The company is thriving, trading profitably and situated in Yorkshire.

Strategy has been planned, the resources identified, and the first appointment to the Board of the holding company is the Commercial/Marketing Director. Any successful candidate is likely to be an engineer, aged 30-40, a business graduate, with entrepreneurial flair, who will develop and implement marketing and commercial policies, and should show an ability to successfully run a profit centre.

An attractive salary is offered to the right person.

Write in complete confidence to:—
N. J. R. James, Robin Marlar and Associates Limited,
14 Grosvenor Place, London SW1X 7HH.
01-235 0111.

PUBLIC NOTICES

SOMERSET COUNTY COUNCIL
43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th.

M.S. OF ROCHEFALE
43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th.

METROPOLITAN DISTRICT COUNCIL OF GATESHEAD
43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th.

NORTH YORKSHIRE C.C.
43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th.

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BOND DRAWING

European Coal and Steel Community 5% Twenty Year Bonds of 1966, due February 1, 1986. (U.K. £2,000,000)

The Commission of the European Communities announces that the 5th annual instalment of bonds amounting to U.K. £2,000,000 has been designated for redemption on 1st February 1976.

Goldholders of the bonds should send in their claims to the Commission of the European Communities, 100, rue de la Loi, 1049 Brussels, Belgium, by 15th January 1976.

U.K. £200,000, 5% Twenty Year Bonds of 1966, due February 1, 1986. (U.K. £2,000,000)

The Commission of the European Communities announces that the 5th annual instalment of bonds amounting to U.K. £2,000,000 has been designated for redemption on 1st February 1976.

Goldholders of the bonds should send in their claims to the Commission of the European Communities, 100, rue de la Loi, 1049 Brussels, Belgium, by 15th January 1976.

MANAGEMENT SERVICES MANAGER INSURANCE

The Management Services Manager will assume full responsibility for the administration of the insurance business of W. C.W.M. Canvassers, Solicitors, Office and Ancillary Services.

We are seeking a person in their mid-thirties, probably a male, with a degree in Law, Insurance, or Management experience. The candidate should have a broad knowledge of non-life insurance and a good knowledge of the application of the Insurance Act 1906 and general insurance. Experience of I.S.M. systems will be of value.

The post requires the interpretation and analysis of Board Line Management requirements in the context of costs, statistics, systems and data processing.

The job offers challenge and excellent career prospects and carry a competitive salary. There is a non-executive pension too, half-yearly bonus and other fringe benefits.

Please write giving brief details to: Personnel Manager.

Northern Star
INSURANCE COMPANY LIMITED
ROTHSCHILD HOUSE,
WHITFIELD CENTRE,
CROYDON CR9 1UN
TEL. 01-484 8478

CAPEL-CURE MYERS LIMITED

There exist for two young Analysts with some Stock Exchange experience to join an expanding equity research team. The opportunity would be particularly attractive for general Analysts seeking long-term careers as sector specialists with the rewards that go with this expertise. The most suitable candidates are to have a relevant University degree or Chartered Accountancy qualification.

Accommodation and fringe benefits.

Education and career to date should be sent in the first instance to:

The Personnel Manager,
CAPEL-CURE MYERS LIMITED,
Bath House, Holborn Viaduct,
London, EC1A 3EU.

COMMODITY VACANCIES. COCOA TRADER (Provisional) age 25-35, £65,000; BASIC ACCOUNTANT (Qual.) £65,000; FUTURE MANAGER (£12,000 basic); GENERAL TRADER (Oil) £65,000; GENERAL TRADER (IMH products) £65,000; DOCUMENTATION CLERK (Oil) £65,000; Write or Tel. Chartered Associates, 6, Grosvenor Street, London, W.C.1. 01-484-2377. Recruitment Specialists for the Commodity Markets.

COMMODITY DOCUMENTATION CLERKS and Managers £22,500-£4,000, as this is a new position. Applications to: 25, Abchurch Lane, London, EC4A 3DF.

MANAGERIAL VACANCIES. 25, Abchurch Lane, London, EC4A 3DF.

MANAGERIAL VACANCIES. 25, Abchurch Lane, London, EC4A 3DF.

MANAGERIAL VACANCIES. 25, Abchurch Lane, London, EC4A 3DF.

WALL STREET OVERSEAS MARKETS

Up 1 1/2 by 1 pm in active conditions

Support for \$

BY OUR WALL STREET CORRESPONDENT

BOOM CONDITIONS continued on Wall Street today. Part of the strength was attributed to spreading optimism as a result of the stock market's sharp advance the last three sessions, and part to a last reduction in the bank prime interest rate to 7 1/2 per cent from 7 3/4 per cent by Cleveland Trust.

At 1 p.m. the Dow Jones Industrial Average was up another 11.43 to 902.24, making a rise of 48.83 over the last four sessions. The NYSE All Common Index further

Closing prices and market reports were not available for this edition.

advanced 55 cents to \$30.00, while more than 1,000 issues advanced against about 340 in retreat. Trading volume expanded another 1.68m. shares to 19.83m. compared with 1 p.m. yesterday.

The last time the Blue Chip Index closed at 900, or higher, was on November 9, 1973, when it finished at 908.41.

Stocks continued strong in one of the busiest trading sessions in the history of the New York Stock Exchange.

As in the previous two sessions, advances of \$1, or more, were common throughout the list, although Blue Chips and

Glamour-type shares appeared to attract the bulk of the demand. Sears, Roebuck moved ahead \$1 1/2 to \$88 1/2, Procter and Gamble \$1 1/2 to \$83 1/2, IBM \$1 1/2 to \$225 1/2, Fairchild Camera \$2 1/2 to \$40, Digital Equipment \$2 1/2 to \$144, and U.S. Steel \$1 1/2 to \$80 1/2.

Standard Oil of Ohio added \$2 1/2 to \$75 1/2.

General Motors rose \$1 to \$59 1/2 on a more than 17 per cent rise in late December car sales.

Semiconductor shares were among the biggest favorites. National Semiconductor advanced \$2 1/2 to \$41 1/2 after reporting higher earnings.

The American SE Market Value Index further advanced 0.35 to 88.28, while the trading volume expanded another 350,000 shares to 1.86m, compared with 1 p.m. yesterday.

Other Markets

Canada mixed

Canadian Stock Markets were mixed in moderate trading yesterday morning.

The Industrial Share Index put on 0.20 to 177.50. Base Metals rose 0.13 to 74.34. Western Oils firmed 0.11 to 20.23 and Utilities gained 0.33 to 127.70. But Golds gave way 0.32 to 264.44. Papers rose 0.60 to 98.35 and Banks shed 0.02 to 249.97.

Alcan Aluminum firmed \$1 to \$32 1/2, but Dominion lost \$1 to \$30. Canadian Cable Systems gave way \$1 to \$12 1/2, but Pacific Western rose \$1 to \$27. Bank of Nova Scotia firmed \$1 to \$41 1/2, and B.C. Telephone added \$1 to \$11 1/2.

Overseas Share Information

NEW YORK

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PARIS—Mixed in slow trading, after profit-taking eroded most of the opening gains.

Automobiles, Rubbers, Engineering and Electricals lost ground, while Banks, Financials, Oils and Chemicals rose. Foods, Constructions, Stores and Metals were mixed.

In the Foreign sector, American and German Golds were steady, while Dutch Oils and Coppers weakened.

BUSSELS—Again sharply higher, reacting belatedly to the recent rise on Wall Street.

Sidra, Tractebel, Sotona, St. Roch, FN and Hochtief-Samuel rose. But Gevaert and ACEC declined on profit-taking.

German and Dutch issues dipped on profit-taking. U.S. issues eased after a strong start, six-year 8 per cent, DM165m.

STANDARD AND POORS U.S. STOCK INDICES

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but U.K. stocks and Gold Mines were higher.

GERMANY—Broadly lower on profit-taking, especially during last phase of session.

Banks were all lower. Commerzbank declined DM150 to DM218, Dresdner Bank DM150 to DM272 and Deutsche Bank DM150 to DM338.50.

Electricals declined. AEG shed DM130 to DM194.70 and Siemens DM150 to DM311.

Motors showed some sharp losses. VW declined DM1 to DM144.50, Daimler to DM246 and BMW DM150 to DM272. Machine makers lost ground. DAI, Steels were lower. Metals mixed.

Domestic Bond Market firmed up to DM10.80, with the Regulating Bank selling about DM135m.

nominal of stock. The Federal Reserve bank 8 per cent, DM165m.

STOCK AND BOND YIELDS

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majority of Dutch companies expect no improvement in 1976 results after a generally poor 1975.

In Dutch Internationals, Hegevoeg were down Fls 3 to Fls 60 on its expectation of an unsatisfactory result in 1976.

Also were down Fls 1.30 to Fls 4.50 and Royal Dutch Fls 1.30 to Fls 11.4.

Banks and Insurances mostly declined. But Eura rose Fls 2 to Fls 12.8. Transports declined. KLM was down Fls 3 to Fls 7.75.

Bonds were steady to Fls 0.20 higher. Dutch Internationals irregular, while Germans were barely steady.

AMSTERDAM—Market fell over a broad front. The main depressing factor was a poll showing the

MELOURNE YIELDS

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NEW YORK, Jan. 7.

majority of Dutch companies expect no improvement in 1976 results after a generally poor 1975.

In Dutch Internationals, Hegevoeg were down Fls 3 to Fls 60 on its expectation of an unsatisfactory result in 1976.

Also were down Fls 1.30 to Fls 4.50 and Royal Dutch Fls 1.30 to Fls 11.4.

Banks and Insurances mostly declined. But Eura rose Fls 2 to Fls 12.8. Transports declined. KLM was down Fls 3 to Fls 7.75.

Bonds were steady to Fls 0.20 higher. Dutch Internationals irregular, while Germans were barely steady.

AMSTERDAM—Market fell over a broad front. The main depressing factor was a poll showing the

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The U.S. dollar received further support from central banks yesterday.

The currency was underpinned by a continued decline in U.S. short-term interest rates. Euro-dollar rates were erratic, following the easier trend in U.S. Treasury bill yields, and speculation of cuts in U.S. bank prime lending rates. The Swiss National Bank again intervened to support the dollar, and the scale of help this week has been very large, with the Swiss authorities buying between \$300m and \$400m on Monday and Tuesday.

indications of around \$50m yesterday. The Bank of Japan also continued to support the dollar, buying about \$30m, following purchases of around \$20m on Tuesday.

On the other hand it was reported that the Italian authorities intervened to support the lira, which showed little change on balance against the dollar at L81.15, compared with L81.50 previously.

The dollar's trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, as calculated by Morgan Guaranty of New York on noon rates, widened to 2.25 per cent from 2.17 per cent.

Sterling closed 20 points higher in London at 149.25, up from 149.05 at 10.30. It also began the day at that level, and touched a high point of 150.355 during the session.

Weighted average depreciation as calculated by the Bank of England, was unchanged throughout at 3.30 per cent.

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Broad equity advance helped by fresh upsurge in gilts

Index gains 5.2 at 389.8 and Gilt index up 0.81 at 61.82

8 1/2-10 1/2	—	—	—	—
10 1/2-10 3/4	—	—	—	—
10 3/4-10 7/8	10 1/2-10 3/4	10 3/4	11 1/2-10 7/8	—
10 7/8-10 15/16	10 3/4-10 7/8	10 7/8-10 3/4	11 1/2-10 3/4	—
10 15/16	10 7/8-10 15/16	10 15/16	11 1/2-10 15/16	—
—	—	10 15/16-10 15/16	11 1/2-10 15/16	—

* Longer-term local authority mortgage
 13 1/2-14 per cent. 6 Bank bill rates in
 1901 per cent.; and four-month trade bills
 per cent.; two-month 10-10 1/2 per cent.
 1 1/2 per cent.; two-month 10 1/2-10 3/4 per cent.
 1 1/2 per cent.; two-month 11-11 1/4 per cent.; and three-
 month 11 1/4-11 1/2 per cent.
 † Clearing Bank, from January 1.
 ‡ Address shown under Insur-
 Property Bond table.

هناك ما قبل

2. Grange Plastics, St. Peter, Pa., Gurnee			
Wholesale Den. 24 1/2	15.1	1.00	
Slater Walker Jewelry			
24 Church St., Boston, Mass.	0534 37261		
Growth Items	249.0	24.00	
Initial Den.	157.3	4.00	
Initial Den.	157.3	4.00	
Value at Jan. 2	157.3	4.00	
Value at Jan. 2	157.3	4.00	
Survivors Corp Trust Mgrs., Ltd.			
1000 N. Heller Drive	1034 28138		
Survivors Corp Tr.	1034 28138	2.00	24

Growth Invest.	127.7	284.0	3.00	opening price. † Distribution tax of 1% K. taxes.
Intnl. Fd.	67.3	63.9	3.00	† Previous day's price. ‡ Net of tax on realized
Jersey Energy Tr.	116.0	125.4	1.00	capital gains units, indicated by a †. ‡ Energy
Value at Jan. 2.				yield is reported. § Single premium
Next trading day Jan. 12				insured bonds.

Surinvest Copper Trust Mgmts. Ltd.
 P.O. Box 98, St. Heller, Jersey
 Surinest C.F. Tr. 129.7 284.0 3.00

4 Tachbrook Street,
London SW1 1SJ.

Income	1982-83	54.30	-0.10	54.20
Costs	1982-83	35.10	-0.50	34.60
Profit	1982-83	19.20	+0.10	19.30
Revenue	1982-83	2.30	-	2.30

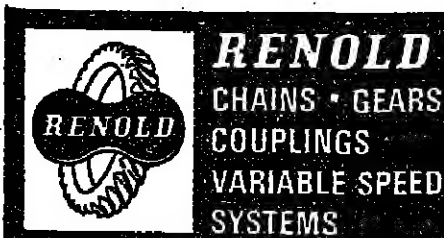
and ending date 21

G.T. Management Ltd. Ldn. Agts.
 16 St. Martin's Lane-London EC4A 3EP
 Tel: 01-830 4361 Tlx: 898100

114. Old Brand S. C. C. 2	01.588 04
Yerkes Sigs. Bk. Unit Tr. Mgrs. Ltd.	
22. New Street, St. Helier Jersey. 0534 30331	
P.L.N. Unit. 1350. 1.58 9	1.3 87
Prices on Jan. 7. Next sale Jan. 14.	

Int'l. PA.	57.3	61.90	3.00	agent's commission	5 Offered price includes all expenses if bought through manager.
Jersey Energy Tr.	116.0	125.40	1.00	Previous day's price. ∇ Net of tax on realized capital gains as indicated by Δ 5 1/2% yield.	
Value of Jan. 2	See trading date Jan. 12			5 1/2% yield	
Surinvest Copper Trst Mngrs. Ltd.				5 Suspended	
P.O. Box 80, St. Helier, Jersey	1034	20138		insurance bonds.	
Surinvest Cpr. Trst.	109.75	120.20	-		

This service is available to every Company dealt in on
Stock Exchanges throughout the United Kingdom for a
fee of £35 per annum for each security



Sharp cut in council funds for housing

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

SUBSTANTIAL cuts in some of housing authority spending during the next financial year were announced yesterday by Mr. Anthony Crosland, Secretary for the Environment.

Mr. Crosland's statement was confined to spending on the existing housing stock and was in line with his previous calls for making the most effective use of the resources already available in the housing field. The cuts detailed yesterday were foreboding in last year's budget.

Under the Minister's proposals, a total allocation of £760m. will be made available to authorities in 1978-79 for municipalisation, renovation of council houses and for local council mortgages.

The total figure compares with the original allocation for this financial year of £830m., although substantial over-spending is thought likely to result in actual spending this year of over £900m.

Almost all the cuts will be felt in the controversial area of council mortgage lending, where over-spending has been most marked. Earlier this year, the local authorities' combined budget for home loans was cut back sharply to £250m., but despite this, it now looks as though £350m-£400m. will have been spent or committed in this way.

Mr. Crosland said yesterday that for the next year the figure for home loans would be kept to only £220m. and to ensure that authorities did not run out of funds, as they did last year, they were being required not to commit more than 80 per cent. of their quotas in the first six months.

Explaining the decision to cut back most heavily on council loans, the Minister pointed out that local authorities had recently managed to take 17 per cent. of the total mortgage market and it was his intention to see the figure return to more traditional levels, which would mean about 6 per cent.

Building societies, Mr. Crosland added, were prepared to help fill the breach left by the lower budgets and he was fairly confident that this would be possible, despite some of the difficulties which had arisen during the movement's efforts to make up the previous cuts.

He said: "Given the need to curb public expenditure, it makes no sense not to use the plentiful supply of private funds held by the societies for private purchase."

Mr. Crosland said that, for the next financial year, £175m. had been allocated for municipalisation against the year's allocation of £195m., a figure which would probably be under-spent by £40m-£50m. because of difficulties encountered in putting the concept into practice. The emphasis will be on making the best possible use of older housing.

A further £260m. is to be made available for the improvement of council homes compared to the £225m. allocated this year. An additional £10m. will also be available as part of the package of measures to reduce unemployment announced in October.

Former Pru man joins Coats Patons

BY MARGARET REID

COATS PATONS, the large textile group which last year caused a storm in the City by not paying its final dividend, has appointed as its first non-executive director for some years Mr. Edward Hatchett, who recently retired as an investment chief of Prudential Assurance.

A number of institutional shareholders who criticised the group's decision to omit its final dividend—for tax reasons and to conserve cash—have made known their strong wish that there should again be non-executive members of the Board. It is unusual for a company of Coats Patons' size to have only full-time directors.

Mr. William Henry, the new Chairman, said last night: "It was a suggestion made by various people, to which I was sympathetic. Mr. Hatchett's very wide experience, particularly in the City, will be of great assistance to us. He thought that further to the Board could join the Board later."

Mr. Hatchett, who was joint secretary and investment manager of the Prudential until last year, will serve in his individual capacity. The Prudential is Coats Patons' largest shareholder, with a stake of rather less than 10 per cent.

Mr. Hatchett recently became a director and non-executive deputy chairman of United Dominions Trust, the large insurance house concern in which the Prudential is the major shareholder. He is also deputy chairman of Dawnay Day Group, the financial and banking concern in which the Prudential also has a sizeable holding.

Continued from Page 1

Ulster talks offer

the Provisional IRA ceasefire just over a year ago.

As troops of the Spearhead Battalion began to arrive in the South Armagh in strength, the mood of Ulster eased slightly.

The indications are that implementation of Loyalist threats of "military operations" by the paramilitary organisations against the Provisional IRA and the Catholic community, and of Government's approach to a general strike by the Protestant majority similar to the stoppage that toppled the power-sharing Executive in May, 1974, are to be postponed until the beginning of next week.

Unionist leaders are now saying that Mr. Rees' statement in the Commons on Monday provides him with a "last chance" to announce the stringent security measures against the IRA that they are demanding.

Unless Monday brings a radical and yet unspecified change in the Government's approach to the Protestant violence in Ulster, the Loyalists are threatening to adopt a that toppled the power-sharing Executive in May, 1974, are to be postponed until the beginning of next week.

Weather

U.K. TO-DAY
Generally very mild and dry in England and Wales. Rain moving into northern areas later. Becoming brighter with some rain in Scotland and N. Ireland. London, S.E., E. Coast, S. and Cent. N. England, E. Anglia, Midlands, Channel Is. Variable cloud; mainly dry. Wind S.W., moderate. Max. 11C (52F). S.W. and N.W. England, Wales. Rather cloudy, some hill fog, occasional drizzle. Wind S.W., fresh or strong. Max. 12C (54F). Lakes, I. of Man, N.E. England, Borders, S.W. Scotland. Mainly cloudy, some rain. Wind S.W., strong or gale. Max. 11C (52F). Edinburgh, Dundee, Aberdeen, Glasgow, Highlands, Moray Firth, Argyll and N. Ireland. Rain, then bright intervals and showers. Wind W., strong to gale. Max. 8C (46F). N.W. Scotland. Bright intervals and showers. Wind W. to N.W., strong to gale. Max. 7C (45F). N.E. Scotland, Orkney, Shetland. Rain, then bright intervals and showers. Wind W. to N.W., strong or gale. Max. 6C (43F). Outlook—Changeable; becoming colder.

BUSINESS CENTRES			
	Yday	Mid-day	Yday
Amsterdam	S 10	L 10	R 10
Antwerp	S 10	L 10	R 10
Bahrein	S 10	L 10	R 10
Bombay	S 10	L 10	R 10
Buenos Aires	S 10	L 10	R 10
Calcutta	S 10	L 10	R 10
Canton	S 10	L 10	R 10
Cebu	S 10	L 10	R 10
Hankow	S 10	L 10	R 10
Hong Kong	S 10	L 10	R 10
Kobe	S 10	L 10	R 10
London	S 10	L 10	R 10
Lyons	S 10	L 10	R 10
Manila	S 10	L 10	R 10
Medan	S 10	L 10	R 10
Mumbai	S 10	L 10	R 10
Osaka	S 10	L 10	R 10
Paris	S 10	L 10	R 10
Perth	S 10	L 10	R 10
Rangoon	S 10	L 10	R 10
San Francisco	S 10	L 10	R 10
Singapore	S 10	L 10	R 10
Sourabaya	S 10	L 10	R 10
Tokyo	S 10	L 10	R 10
Yokohama	S 10	L 10	R 10

Syria threat to annex Lebanon to stop partition

BY JAMES BUXTON

THE PALESTINIANS yesterday staged a major offensive in the Lebanese conflict and were involved in the fiercest fighting since the crisis began last April.

Meanwhile the Syrian Foreign Minister was reported to have warned that Syria would intervene to annex Lebanon if there was any move towards partition. In Beirut, large numbers of Palestinian guerrillas surged out of the encircled Tal Al Zaatar refugee camp and overran the opposing Christian lines with rocket and mortar fire. They also seized a two-mile arc of territory around the camp.

The Christians had blockaded the camp for five days to prevent food and supplies getting in. The Palestinians pushed north from the camp to the Moslem suburb of Nabah, driving a corridor through Christian territory, in order to bring back food for the camp's 6,000 residents and the 30,000 Moslems who live around it.

The fighting spread into other areas in eastern Beirut and a big battle built up. The Palestinians

aim appeared to be to drive the Christian forces west across the Beirut River where they would be trapped between the east bank and forces of Moslem leftists.

Security sources said that about 5,000 Palestinians were involved in the battle, while on the other side there were about 2,000 Phalangists and members of the National Liberal Party of M. Camille Chamoun, the Interior Minister.

A counter-attack by the Christians appeared to be making slow progress, but the Phalangists did succeed in re-taking the Hayek Hospital.

Negotiations on a ceasefire failed when Leftists and Palestinians refused to attend a co-ordination committee meeting. A Cabinet meeting was also postponed "for security reasons," though informed sources said Mr. Karam, the Prime Minister, needed the time to deal with the security situation.

Meanwhile, a Kuwait newspaper, Al-Rai Al-Aam, quoted Mr. Abdel-Halim Khaddam, the Syrian Foreign Minister, as saying that Syria would annex Lebanon if there were any moves to partition it.

"Lebanon used to be part of Syria and we would restore it on seeing any real attempt at partition. Lebanon can either stay united or it will have to return to Syria."

Mr. Khaddam said this warning had been passed on to those who "dream of partition." If Syria did annex Lebanon it would take the Christian stronghold of Mount Lebanon as well as Moslem areas.

Observer see Mr. Khaddam's words as a clear warning to Christian extremists looking towards partition as the only way of preserving their identity that this is unacceptable to Syria.

Syria, it can be assumed, has planned to annex Lebanon in pursuit of the Greater Syria dream. They would prefer a neutral Lebanon in which moderate Moslems were dominant.

U.S. attacks talk of partition. Page 6

Credit licences for 100,000

By Michael Blandon

MAJOR STEPS to eliminate unfair practices in consumer lending were announced yesterday through the licensing of an estimated 100,000 businesses involved in consumer credit.

The licensing process, which begins early next month, is probably one of the highest peacetime operations of its kind ever undertaken in the U.K.

It is the first big move to enforce the provisions of the Consumer Credit Act which became law in 1974. This gives the Office of Fair Trading, under Mr. John Methven, its director general, wide powers to control the activities of lenders and other organisations concerned with consumer credit.

The licensing provisions extend very widely. Licences will be required not just by banks, hire purchase companies and other lenders, but by virtually any organisations involved in any way in the provision of consumer credit.

The move will cover TV rental firms and shops which provide credit, and also connected activities such as debt collectors, debt adjusters and counsellors, credit reference agencies and those who introduce others to sources of credit.

As a result, a wide variety of people such as solicitors, accountants and other financial advisers, estate agents, motor dealers and other agents will be brought into the net.

Mr. Methven argued yesterday that the licensing process should "do much to eliminate unfair trading practices and to maintain consumer confidence."

Stiff penalties will be suffered by businesses which should have a licence and have not made an application by the due date.

It will be a criminal offence, punishable by fine, imprisonment or both, to engage in activities controlled by the Act without a licence covering those activities. Credit, or hire, or loan, or purchase, or sale, or any other transaction, in those circumstances cannot be enforced against the debtor or hirer.

Mr. Methven stressed that licences would not be issued automatically. But he said applicants would have to satisfy their "fitness" to provide consumer credit.

Under the Act he is given wide powers to examine the past records of applicants, including giving consideration to unfair practices even if they are not strictly unlawful. He can refuse or revoke licences—subject to an appeal procedure.

Mr. Methven emphasised that giving a licence would not imply an assurance that the holder was competent. But he would be saying, on the information he had been able to uncover, that the licensee's business practices are not unfair and he is not involved in unlawful activities.

Union bid to break BSC deadlock

BY LORELIES OLSLAGER, LABOUR STAFF

AN IMPLICIT assurance that unions will not condone unofficial strikes and will also accept some reduction in steelworkers' earnings, may be offered to the British Steel Corporation today by the trade unions in an attempt to break the deadlock over the Corporation's economic drive.

But the concessions which the Iron and Steel Trades Confederation—the biggest union in the steel sector—is prepared to offer do not appear, at first sight, to go far enough for BSC.

The union attitude at today's crucial meeting with the corporation will only be mapped out this morning at a meeting of the TUC steel committee. But the proposed line on strikes and earnings which was decided by the ISTC executive yesterday should carry considerable weight with the other unions.

Mr. Bill Sims, ISTC general secretary, said after the executive meeting that he hoped the unions would be able to present BSC with a united position which would enable the Corporation to withdraw its controversial unilateral savings plan of last month.

The major concession the ISTC is prepared to make would be to agree to reduce or even eliminate highly-paid week-end working, so cutting earnings, provided this was linked to a plant-by-plant basis.

Previous attempts by the corporation to reach such plant-level agreements have met fierce shop-floor resistance, however, and some thousand men are on strike at the giant Port Talbot plant just this issue at the moment.

In response to a suggestion by BSC, the union also plans to give an implicit assurance that there will be a crack-down on unofficial strikes which the corporation estimates have cost £50m. last year in lost steel production.

But the ISTC which reiterates its determination to keep guaranteed weekly pay arrangements, does not seem prepared to make significant concessions on the other points included in the savings programme of the Corporation.

It is believed the union will continue to resist even the temporary closure of old, high-cost plants and is putting a price on its co-operation in reducing overmanning through natural wastage.

If the BSC is to cut its labour force by natural wastage and not replace about 24,000 people who leave the industry each year the remaining steelworkers will have to agree to flexibility arrangements, so that they do departing men's jobs.

But the ISTC line seems to be that such flexibility should be a general rule not be conceded without extra financial or extra financial reward.

The union's attitude on this point was illustrated yesterday when it told the Corporation that flexibility concessions made at a number of plants in recent months would have to be withdrawn because the Government's pay policy does not allow extra pay for this.

State handouts to others 'resented by working poor'

BY JOE ROGALY

THE "working poor" often deeply resent being left "struggling" while discretionary social security payments are made to others by the Supplementary Benefits Commission, according to Professor David Donnison, chairman of the Commission.

"A lot of poor hard-working people have as much difficulty as our claimants have in paying their rents and fuel bills, getting an education for themselves and their children, sorting out their tax problems, and paying their fares to hospital or to court," says Professor Donnison.

His remarks appear in the latest issue of Social Work Today, a magazine to be published in five open letters to him published in that journal in recent weeks. The authors of the letters are mainly associated with the "poverty lobby."

Professor Donnison himself has long been associated in the public mind with those who have called for more public expenditure, especially in housing and urban planning. He has been Professor of Social Administration at the London School of Economics, and chairman of the Public Schools Commission.

The professor, who became chairman of the Supplementary Benefits Commission last October, says in his article that some members of the "poverty lobby" have noticed that times are changing.

"You are (forgive me) the slightly ageing spokesmen of a tradition which flowered in the mid-1960s when, at Shelter that dazzling 25-year-old, Des Wilson, had the mass media eating out of his hand," he writes.

The radical frame of mind of the mid-sixties had passed. "People fear inflation and economic collapse, and tax thresholds have fallen to a point at which everyone knows he is helping to pay the poor—and many resent it," writes Professor Donnison.

"Those letters which arrive by the hundred each month, complaining that we hand out too much in social security benefits and support too many layabouts and scroungers, rarely come on headed notepaper from the teary suburbs. Most of them are written by ordinary voters and taxpayers."

Elsewhere he writes: "With the encouragement of government, and in response to pressures from people like yourselves, the Commission has committed itself more and more deeply to the task of meeting its claimants' needs: but it has to stop somewhere."

Where should that frontier be drawn, and how can we ensure that transactions across it are administered as humanely and efficiently as possible?" he asks.

The number of beneficiaries of supplementary benefits (formerly national assistance) rose from 1.9m. in 1961-62 to 2.8m. in 1974-75. The same period annual expenditure on this benefit rose from £168m. to £375m. Much of this is accounted for by increases in the number of pensioners and unemployed, but spending on "other persons in need" has increased especially sharply.

Continued from Page 1

Two-tier progress to European union

would still take part in discussions of the policies concerned in the common institutions. "This does not mean 'Europe à la carte'," the report says.

"Each country will be bound by the agreement of all as to the final objective to be achieved jointly. It is only the time scales for achievement which vary."

Mr. Tindemans says that while waiting for fresh guidelines those countries that are able should press ahead with the Community's original plans for step-by-step progress to economic and monetary union as envisaged in 1969. The jointly floating currency "snake," of which Britain, Italy and Ireland are not members, would be the starting point for future action.

"Snake" members should accept obligations covering their internal monetary, budgetary and economic policies, as well as external constraints: the report says. Countries would only be allowed to withdraw from the system if they ran into "manifest crisis." The role of the European Monetary Co-operation Fund would be strengthened particularly by some pooling of reserves, and measures would be worked out to help the non-members to join the "snake."

Discussion of the economic and monetary union as envisaged in 1969. The jointly floating currency "snake," of which Britain, Italy and Ireland are not members, would be the starting point for future action.

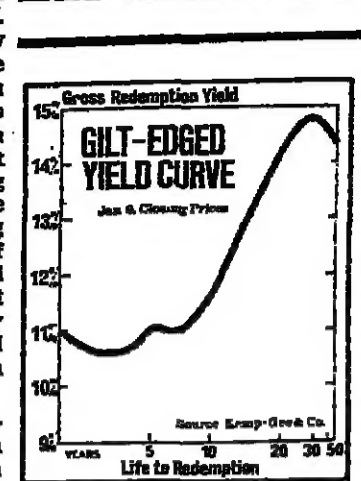
The Council of Ministers could operate as a single decision-making centre on all aspects of the Community's external relations. The Nine should start by choosing a number of specific fields for common foreign policies, involving the readiness of States finding themselves in a minority "to rally to the views of the majority at the conclusion of a debate."

The Nine should pay special attention to co-ordinating their policies on the new world economic order, relations with the U.S., security and crisis within Europe's immediate geographical surroundings. The Nine Heads of Government should delegate one

THE LEX COLUMN

Behind the world wide rally

Index rose 5.2 to 389.8



Once again, nearly all the world's stock markets are moving in the same direction with New York taking the lead. Yesterday lunchtime, the Dow Jones Index moved above the 900 mark for the first time in over two years following a jump of over 40 points in two and a half days' trading. This burst of strength has been building up over several weeks: the bond market was rallying through the latter half of December, transports moved into new high ground last week, and other more widely based share indices started their upward move well over a week ago.

The Far Eastern and Australian markets have also been on a strongly rising trend in recent weeks, and in Europe there is nothing particularly exceptional about a 7 per cent. rise in the FT Industrial Index since mid-December. The German and Dutch markets have shown broadly similar performances, and apart from Italy just about all the continental markets are currently in a clearly defined uptrend.

A familiar theme is the decline of international interest rates. With the U.S. money supply rising at an annual rate of only 2 per cent. in the final quarter of 1975 moves by the Federal Reserve to ease money rates are expected: one U.S. prime rate was cut yesterday, in the U.K. last Friday's M.R. change indicated that the authorities want to see short rates lower, while no new gilt-edged tax stocks were introduced yesterday to halt the upward tide in the gilt market, now entirely uncontrolled by official taps. Rates ranged to 11 points at the long end, and the FT Government Securities Index was 1.3 per cent. higher in a single day.

third) and English Property (46 per cent. higher) as well as highly geared groups such as the British Land and Amalgamated Investment—40 and 50 per cent. ahead respectively.

Stock Conversion has never been in this category even though it attracted a lot of attention as a developer during the "boom" period. The impact of its withdrawal from two of its biggest commitments at Piccadilly Circus and Tolmers Square is reflected in the interim figures. Profits before tax are up from £870,000 to £2,191,000, reflecting in part the absence of £620,000 of interest on one of the developments as well as the presence of £518,000 of trading profits (mainly from one scheme), while there is a £249,000 surplus below the line from the withdrawal from the other. The forecast for the full year has been upgraded from £3.25m. to £3.75m., against £2.4m. with no capitalisation of interest.

The reversionary potential and evident balance sheet strengths have already been reflected in a firm share price—within a fifth of its all-time high.

Property shares

Property is back in fashion—shares that is rather than actual bricks and mortar—with a 21 per cent. rise in the sector index over the last three weeks. Moreover, there has been some solid institutional buying in a market previously of a highly speculative character. The rise seems to have been triggered by MEPC's results in mid-December which removed some of the wilder fears and reinforced the view that the sector had now turned the corner. This change of mood has benefited both MEPC (up a

Coats Patons

Whatever the rights and wrongs of last year's brush between Coats Patons and a number of its institutional shareholders over the non-payment of its final dividend, some blame, but it might be triggered by MEPC's results in mid-December which removed some of the wilder fears and reinforced the view that the sector had now turned the corner. This change of mood has benefited both MEPC (up a

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